



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

# ***Daily Report***

## **LAST ISSUE**

THE *CHINA DAILY REPORT* WILL NOT BE AVAILABLE  
AS A PAPER BOOK AFTER **31 JULY**

ARRANGE FOR ELECTRONIC RECEIPT, PLEASE SEE INSIDE  
FOR INFORMATION ON VARIOUS OPTIONS

## **LAST ISSUE**

# **China**

**FBIS-CHI-96-133**  
**Wednesday**  
**10 July 1996**

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Dear Customer:

Responding to our many customers' requests, NTIS is offering FBIS publications electronically. Due to resource limitations, hardcopy production of FBIS publications will be phased out during 1996. Hardcopy reports which have already been discontinued include *Arms Control & Proliferation Issues*, *Environment & World Health*, *Narcotics*, and *Terrorism*.

Hardcopy publication of the regional DAILY REPORTS will cease as follows:

1 August	<i>China, Latin America</i>
19 August	<i>Near East and South Asia, West Europe, Sub-Saharan Africa, West Europe Economic Review</i>
2 September	<i>East Asia, East Europe, East Europe Economic Review</i>
16 September	<i>Central Eurasia, Central Eurasia Military Affairs, Central Eurasia Economic Review</i>

FBIS' goal is to cease publication of all hardcopy reports by 31 December 1996 except for S&T PERSPECTIVES, S&T CENTRAL EURASIA, S&T CHINA, S&T KOREA, S&T EUROPE, and S&T JAPAN. The S&T reports will continue to be published as hardcopy until the graphics they contain can be disseminated on-line.

FBIS products are offered electronically through the National Technical Information Service's (NTIS) "World News Connection" (WNC). This is a new on-line subscription service accessible through the World Wide Web. The Web address is <http://wnc.fedworld.gov>. Please see the next page for a subscription form or call NTIS Fax Direct at 703-487-4140 and enter product code 8645 to receive more information.





## World News Connection™

A Foreign News Alert Service  
from  
the U.S. Government

**World News Connection - WNC1.....\$ 21**  
7 Day - Introductory Offer  
Unlimited interactive searching  
[no profiles]  
**Order number SUB-9856BDQ**

**World News Connection - WNC2.....\$ 50**  
Monthly  
Unlimited interactive searching  
[no profiles]  
**Order number PB95-985700BDQ**

**World News Connection - WNC3.....\$ 75**  
Monthly  
Unlimited interactive searching  
[1 profile]  
**Order number PB95-985800BDQ**

**World News Connection - WNC4.....\$100**  
Monthly  
Unlimited interactive searching  
[up to 5 profiles]  
**Order number PB95-985900BDQ**  
*(Prices are subject to change)*

**User Name** (Please Print or Type)

**Internet E-mail Address** (Required)

**Order Number**

**Price**

1) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Continue on a blank sheet if more space is required)

Deposit Account Number (for NTIS account customers only): \_\_\_\_\_

Customer Master Number (if known): \_\_\_\_\_ Date: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Organization: \_\_\_\_\_

Street Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Province/Territory: \_\_\_\_\_ Country: \_\_\_\_\_

Foreign Postal Code: \_\_\_\_\_

Internet E-mail Address (Organization contact person): \_\_\_\_\_

Telephone Number: ( ) \_\_\_\_\_ Fax Number: ( ) \_\_\_\_\_

Credit Card Number: \_\_\_\_\_

Credit Card Expiration Date: \_\_\_\_\_

Card Type (Visa, Master Card, or American Express): \_\_\_\_\_

Cardholder's Name (as printed on the credit card): \_\_\_\_\_

Cardholder's Signature (required to validate all orders): \_\_\_\_\_

(Please fax this form back to NTIS at 703-321-8547. Fax service is available 24 hours a day, 7 days a week.  
To verify receipt of your fax, call (703) 487-4679 between 7:00am - 5:00pm, Monday - Friday, Eastern Time.)

# Daily Report

## China

FBIS-CHI-96-133

### CONTENTS

10 July 1996

**NOTICE:** An \* indicates material not disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

PRC: Spokesman Comments on Sino-U.S. Ties, Taiwan Issue [ZHONGGUO XINWEN SHE]	1
PRC: Spokesman on Nuclear Weapons Stance, Lake Visit, Taiwan [CHINA DAILY 10 Jul] ...	1
*PRC: On Using Deng's Thinking on Foreign Affairs [QUISHI 16 May] .....	1
PRC: Beijing Able To Handle International Library Conference [XINHUA] .....	4

##### United States & Canada

PRC: Further on Jiang Zemin Meeting With Anthony Lake [XINHUA] .....	5
PRC: Li Peng Meets U.S. Presidential Assistant Lake 9 Jul [XINHUA] .....	5
PRC: U.S. National Security Adviser Cancels Visit to Shanghai [AFP] .....	6
PRC: Hong Kong Article Analyzes Lake China Visit [Hong Kong ZHONGGUO TONGXUN SHE 8 Jul] .....	6
PRC: Editorial Views Positive Trends in Sino-U.S. Relations [Hong Kong WEN WEI PO 10 Jul]	8
PRC: Article Views Frequent Attacks on U.S. Installations Abroad [RENMIN RIBAO 1 Jul] .	9

##### Northeast Asia

PRC: Jiang Zemin Meets DPRK Vice Premier [XINHUA] .....	10
PRC: Li Peng Meets DPRK Vice Premier Kim Yun-hyok [XINHUA] .....	10
PRC: Wu Bangguo Meets DPRK's Vice Premier Kim Yun-hyok [XINHUA] .....	10
PRC: 'Text' of WPK Greetings on CPC Founding Anniversary [XINHUA] .....	11
PRC: State Councillor, Delegation Depart for DPRK [XINHUA] .....	11
PRC: CPC Official Meets Japanese Sakigake Party Leader [XINHUA] .....	12
PRC: NPC Vice Chairman Meets Japanese Delegation [XINHUA] .....	12
PRC: Beijing Implicitly Asks Japan Not To Accept Li's Visit [Tokyo KYODO] .....	12
PRC: Japan Offers Much-Needed Aid to Flooded Areas [XINHUA] .....	13

##### Southeast Asia & Pacific

PRC: Australia Reverses Trade Deficit With Beijing [XINHUA] .....	13
PRC: 'Text' of Vietnam Party Message on CPC Anniversary [XINHUA] .....	13
PRC: Wen Jiabao Meets DPRK's Hwang Chang-yop in Hanoi [XINHUA] .....	14

##### Sub-Saharan Africa

PRC: Text of Li Peng 8 Jul Congratulatory Message to OAU Summit [XINHUA] .....	14
PRC: Vice Premier Li Lanqing Meets Cote d'Ivoire Prime Minister [XINHUA] .....	15
PRC: CPPCC Chairman Li Ruihuan Meets Burundi State Secretary [XINHUA] .....	15
PRC: Wu Yi Meets Burundi State Secretary Nicolas Mayugi [XINHUA] .....	16

#### NATIONAL AFFAIRS

##### Political & Social

PRC: Tibet Higher Court President on Crackdown [XIZANG RIBAO 17 Jun] .....	17
--	----

PRC: Dissident Accused of Revealing State Secrets [AFP]	21
PRC: Officials on Amended Criminal Procedure Law [LIAOWANG 20 May]	22
PRC: CPPCC Chairman Li Ruihuan Meets Burundi State Secretary [XINHUA]	26
PRC: Vice Premier Qian Qichen Meets Hong Kong Entrepreneurs [XINHUA]	27
PRC: CPC Strengthens Training of Senior, Intermediate Cadres [XINHUA]	27
PRC: Jiang Zemin Meets With Shanghai Jiaotong University Alumni [XINHUA]	28
PRC: NPC Standing Committee Session Ends; Qiao Shi Presides [XINHUA]	29
PRC: NPC's Ni Zhifu To Head Inspection of Labor Law Enforcement [XINHUA]	29
PRC: Minister Addresses Conference on Implementing Labor Law [XINHUA]	29
PRC: Wu Bangguo Calls For Speedier Reform of State Enterprises [XINHUA]	30
PRC: State Council To Upgrade Chongqing to Municipality [Hong Kong SING TAO JIH PAO 7 July]	30
PRC: First Gun Control Law To Take Effect in October [CHINA DAILY 6 Jul]	31
PRC: Li Guixian Calls for Curbing Wanton Collection of Fees [XINHUA]	31

### Science & Technology

PRC: Vice Premier Zou Jiahua Meets Canadian Aerospace Visitors [XINHUA]	32
PRC: Seventeen Optical Fiber Trunk Lines Planned [XINHUA]	32
PRC: Largest Fiber Optic Cable Plant Begins Production [XINHUA]	33
PRC: 'Magnetic Aerotrain' Development Expected [XINHUA]	33

### Military & Public Security

PRC: Army Paper Rejects 'China Threat'—Part 1 [JIEFANGJUN BAO 13 Jun]	33
PRC: Army Paper Rejects 'China Threat'—Part 2 [JIEFANGJUN BAO 20 Jun]	36
PRC: Article Refutes 'China Threat Theory'—Part 3 [JIEFANGJUN BAO 27 Jun]	39
PRC: Army Paper Rejects 'China Threat'—Part 4 [JIEFANGJUN BAO 4 Jul]	42
PRC: Commentary Calls for Efforts to Ensure Military Supplies [JIEFANGJUN BAO 14 Jun]	45
*PRC: NDU Professor Discusses Future Campaign Trends [HSIEN-TAI CHUN-SHIH 11 Jan]	45
*PRC: GLD Consolidates Enterprises [JIEFANGJUN BAO 6 Apr]	49

## ECONOMIC AFFAIRS

### General

*PRC: Enterprise Reform: Status, Difficulties [JINRONG SHIBAO 20 Apr]	51
*PRC: CASS Forum Discussing Current Economic Issues, Recommendations [JINGJI CANKAO BAO 21 May]	53
*PRC: SPC Researcher on Losses of State Assets, Proposals [JINGJI QUANLI 24 Mar]	55
*PRC: Provinces Strive To Develop Township Enterprises in 1996 [JINGJI CANKAO BAO 14 Apr]	65

### Agriculture

PRC: Zhu Rongji Urges Aid for Rural Areas, Economy, Farmers [XINHUA]	66
PRC: National Training Project To Boost Farmers' Output, Income [CHINA DAILY 10 Jul]	67
PRC: Higher Incomes, Lighter Burdens for Shanghai Farmers [XINHUA]	67
PRC: Government Project To Step Up Farmer Training Viewed [XINHUA]	67
PRC: Jiangsu Reports Successful Summer Harvest [ZONGGUO XINWEN SHE]	68

## REGIONAL AFFAIRS

### East Region

PRC: Fujian Procuratorate Work Report [FUNJIAN RIBAO 8 Jun]	69
---	----

PRC: Fujian To Build Project To Pave Way for Reunification [ <i>Hong Kong MING PAO</i> 9 Jul]	77
PRC: New Airport To Open in Jiujiang 2 Jul [ <i>XINHUA</i> ]	78
PRC: Jiangsu Capital Speeds Up Data Transmissions [ <i>XINHUA</i> ]	78
PRC: HK Paper Reviews Shanghai's Goals for Using Foreign Capital [ <i>Hong Kong CHING CHI TAO PAO</i> 13 May]	78
PRC: Floods Trap 'Thousands' of Passengers on Railroad [ <i>XINHUA</i> ]	79
PRC: PLA Assisting in Hangzhou Flood-Control Efforts [ <i>AFP</i> ]	79
PRC: Official Tells AFP Flood Situation in Zhejiang 'Stable' [ <i>AFP</i> ]	79
PRC: Zhejiang Pilot Scheme To Advance Science, Technology Seen [ <i>XINHUA</i> ]	80

## TAIWAN

Taiwan: Li Teng-hui Addresses Military Review Meeting [ <i>Taiwan Central News Agency WWW</i> ]	81
Taiwan: Prime Minister Wants Strong Military Force [ <i>Taiwan Central News Agency WWW</i> ]	81
Taiwan: PRC Official: Fujian Ready To Open Direct Links With Taipei [ <i>Taiwan Central News Agency WWW</i> ]	82
Taiwan: MAC Official Says 1 Country, 2 Systems Not 'Suitable' [ <i>Taipei LIEN-HO PAO</i> 2 Jul]	82

## HONG KONG & MACAO

### Hong Kong

Hong Kong: Dispute With U.S. 'Most Probably' To Go to WTO [ <i>Hong Kong HONGKONG STANDARD</i> 10 Jul]	84
Hong Kong: Patten Attacked for Inflaming Relations With PRC [ <i>Hong Kong WEN WEI PO</i> 10 Jul]	84
Hong Kong: Patten Blamed for Dampening Confidence [ <i>Hong Kong TA KUNG PAO</i> 5 Jul]	85
Hong Kong: Patten Criticized for Challenging Beijing Again [ <i>Hong Kong ZHONGGUO TONGXUN SHE</i> 7 Jul]	86
Hong Kong: Patten To Urge EU on Open Status For BNO Passport [ <i>Hong Kong HONGKONG STANDARD</i> 8 Jul]	87



**General**

**PRC: Spokesman Comments on Sino-U.S. Ties, Taiwan Issue**

OW0907161796 Beijing ZHONGGUO XINWEN SHE in Chinese 1420 GMT 9 Jul 96

[FBIS Translated Text] Beijing, 9 Jul (ZXS) — Chinese Foreign Ministry spokesman Cui Tiankai said today: I believe common interests between China and the United States far outweigh their differences. There is no reason to be pessimistic about the prospects for the development of Sino-U.S. relations.

Cui Tiankai made these remarks in response to a reporter's question at the Foreign Ministry's news conference. In answering the question on Sino-U.S. relations, Cui Tiankai also said: Mr. Lake, assistant to the U.S. president on national security affairs, is visiting China and has had meetings and talks with some Chinese leaders. Both the Chinese and U.S. sides said that in the new situation, it is necessary to constantly expand common ground, strengthen mutually beneficial cooperation in various fields, and work hard to seek proper solutions to differences that exist between them on the basis of mutual respect and equality.

Cui Tiankai held that direct, high-level contacts and exchanges between China and the United States are very important for deepening mutual understanding and for developing bilateral relations.

The spokesman also pointed out: The Taiwan question has become an extremely sensitive and important issue between China and the United States. The Chinese side hopes the U.S. side will strictly observe the principles in the three Sino-U.S. joint communiques and handle the Taiwan question in a prudent and proper manner [jin shen tuo shan di chu li 6210 1957 1185 0810 0966 5710 3810].

He also said: U.S. Government leaders reiterated on many recent occasions that they would adhere to the one-China stand. The Chinese side hopes the United States will take action to fulfill its promise.

Cui Tiankai stressed: The Taiwan question is China's internal affair. The Taiwan question should be solved by the Chinese people themselves under the premise that there is only one China. It should not be solved with the help of any foreign power.

**PRC: Spokesman on Nuclear Weapons Stance, Lake Visit, Taiwan**

HK1007092596 Beijing CHINA DAILY in English 10 Jul 96 p 1

[By Ma Chenguang: "Ministry Fortifies Stand on Weapons"]

[PTS Transcribed Text for FBIS] China's position on the issue of nuclear weapons is "the most constructive one" in the world, Foreign Ministry spokesman Cui Tiankai said yesterday in Beijing.

The country's stand has been clear and consistent, Cui said at the routine news briefing, adding that he does not believe other nuclear nations can say the same.

"For more than three decades, China has undertaken and firmly proposed that it will not be the first to use nuclear weapons, nor will it use nuclear weapons against non-nuclear weapon nations," Cui said.

When asked to remark on the ongoing visit of Anthony Lake—special assistant to the US President for national security affairs, the spokesman reiterated that the Taiwan issue remains a very sensitive and major issue in Sino-US relations.

Cui urged Taiwan authorities to take concrete action, and not just use meaningless words, to move towards the reunification of the motherland.

At the briefing, Cui also announced that Vice-Premier and Foreign Minister Qian Qichen will pay official visits to Papua New Guinea, Fiji and West Samoa from July 16 to 21 at the invitation of the three nations.

Right after the trip, Qian will go to Jakarta, Indonesia, on July 21 to attend the Third Foreign Ministers' Meeting of the Asean Regional Forum, and also the meeting between Asean and its dialogue countries.

This will be the first time China will attend the latter meeting as a full dialogue partner of Asean, Cui said.

**•PRC: On Using Deng's Thinking on Foreign Affairs**

96CM0418A Beijing QIUSHI [SEEKING TRUTH] in Chinese 16 May 96 No 10, pp 23-25

[Article by Li Shuzheng, Director of the CPC Central Committee International Liaison Department: "On Using Deng Xiaoping's Thinking on Foreign Affairs as the Guide for Better Developing a New Order of Party Foreign Affairs Work"]

[FBIS Translated Text] Deng Xiaoping's thinking on foreign affairs is the guide to China's new-age [since reform and opening] foreign affairs work. In recent years,



guided by Deng Xiaoping's thinking on foreign affairs, China's foreign affairs work has been unprecedentedly brisk, with its order steadily opening up to create fine international terms for our domestic reform and development. Of course, China's reform, opening, and socialist modernization is at a crucial time. The Fifth Plenary Session of the 14th CPC Central Committee and the Fourth Session of the Eighth NPC [National People's Congress] have just drawn up a grand development program for the next 15 years in China. So ensuring the smooth realization of these cross-century struggle goals means that China's foreign affairs ranks, faced with a complex and profoundly changed international situation, need to make timely follow-up studies and in-depth analytical judgments, in order to correctly grasp and discern coming opportunities and challenges, so that we can better serve our domestic construction.

Since the Third Plenary Session of the 11th CPC Central Committee, Deng Xiaoping has acted in line with international developments and changes and, grounded in a summary of both the positive and negative historic experiences of interparty relations, to set forth "the need to establish new party-to-party relations" (Footnote 1) (*Selected Works of Deng Xiaoping*, Vol. 3, p 237), as well as a new and sound friendly relationship. And meanwhile, he has also drawn up the guiding principles for correctly handling the relations between the CPC and foreign political parties, which have laid solid theoretical, ideological, and political grounds for our party's new-age foreign affairs work.

**1. He opposes judging the rights and wrongs of the international communist movement [Comintern] based on the experience and practice of a single party in one nation.** The rights and wrongs of all countries and the Comintern are a strategic matter affecting the sound development of Marxist political parties in all countries. The whole history of the parties of all countries and the Comintern is full of controversy over rights and wrongs. Deng Xiaoping has summed up the lessons learned from the experience of the great 1960's Comintern debate, noting that "when a party criticizes the rights and wrongs of a fraternal foreign party, that it is often based on existing formulas or certain set plans, which the facts have proved does not work." (Footnote 2) (*Ibid*, Vol. 2, p 318) And he has also said that: Upon looking back, we were certainly not always right either. Rather than saying that we were wrong on particular stands, we should say that many of our stands are still quite right. As our real mistake was to judge and evaluate the Comintern's rights and wrongs based on China's experience and practice, certain matters have been out of line with materialist and dialectical principles. This crucial thinking of Deng Xiaoping is

not only a fundamental summary of the great debate, but also has pointed the direction for us to deal correctly with party-to-party relations on new historic terms. Just as the world is a complex place, the situations, plights, and experiences of the parties of all countries also differ in myriad ways. It is only when the rights and wrongs of the Comintern and the parties of all countries are judged on the practice and experience of the parties of all countries that such judgment is in line with the ideological line on dialectics. That is Deng Xiaoping's historic contribution to the Comintern, being of immediate and far-reaching guiding significance in helping us to free up our thinking, to correctly sum up in depth the historic experience of the world communist movement.

**2. He insists that the parties of all countries need to decide their national issues independently and autonomously based on their native realities.** Deng Xiaoping has noted that the fundamental historic lesson learned from Comintern experience is that the parties of all countries need to act in line with their own realities, international standings, and domestic conditions to decide their own policies, which is the only way for revolution or construction to succeed. He has also said that, as it is hard for a party to keep from making mistakes, when it does, it needs to sum up its experiences and solve its problems on its own, which is the only reliable way. And when clarifying the experience of the Chinese revolution, he has also stressed this basic stand, noting emphatically that: Why did the Chinese revolution succeed? It was because Chinese Communists headed by Comrade Mao Zedong thought independently, combining universal Marxist principles with China's particular conditions, to find a revolutionary route, form, and method suited to China's conditions. This extremely crucial thinking of Deng Xiaoping has become the CPC's key principle in dealing with the new party-to-party relationship.

**3. He emphasizes the principle of complete equality and mutual respect for each other's judgments and choices as to one's own affairs.** As to the correct relationship that should actually be established between parties, Deng Xiaoping has laid out the principle of complete equality and mutual respect for each other's judgments and choices. He has said that: In party-to-party relations, we need to adhere to two principles. a) Party-to-party relations are equal ones, not paternalistic. b) A country's affairs can be judged only by the country's party and people.

As to equal relations, Deng Xiaoping has emphasized the need to oppose finger pointing and ordering others around. He has said that: "Just as we oppose others ordering us around, we absolutely do not order others

around, which ought to be made a crucial principle." (Footnote 3) (Ibid, Vol. 2, p 319) While we do not approve of certain matters in the parties of other countries, disapproval is one thing, while finger pointing is certainly another. This is a matter of principle, as we were affected quite adversely by paternalistic party relations. And he has said that, as we were sharply affected by controlling paternalistic party relations, we have subsequently stressed complete equality despite the size of the country or the party.

And as to respect for the judgments and choices of the parties of other countries as to their own affairs, the CPC has learned lessons. Deng Xiaoping has summed up experience in this area, emphatically noting that: "As to large, medium, or small parties, there needs to be mutual respect in all cases for the other party's choices and experiences." (Footnote 4) (Ibid, Vol. 3, p 236) "As to whether the domestic principles and lines of the parties of all countries are right or wrong, that needs to be judged by the native parties and peoples." (Footnote 5) (Ibid, Vol. 2, p 318) As long as we understand this clearly, the obstacles to party-to-party relations will be swept away. Party relations are genuinely built on the grounds of mutual respect, mutual aid, and even mutual forgiveness.

Based on Deng Xiaoping's new judgments and thinking set forth on how to handle relations with parties of foreign countries on the new historic terms, our party has laid out the four principles of new party-to-party relations as independence and autonomy, full equality, mutual respect, and noninterference in each other's internal affairs. And it is grounded precisely in these principles that our party has been establishing normal friendly contacts and links with ever more political parties throughout the world.

**4. He advocates that ideological differences ought not to become obstacles to the building of a new interparty relationship.** While all political parties have their respective platforms and stands, which are undoubtedly clear-cut as to ideology, we hold that whether political parties have identical ideologies or not should not become a prerequisite or term for establishing interparty contacts. The CPC has never concealed its stand. We are a political party that believes in Marxism and adheres to the socialist road. Before the late 1970's, our party's foreign affairs dealings certainly did have clear-cut ideological features. At that time, we had party relations only with communist and worker's parties with an identical ideology. But since the Third Plenary Session of the 11th CPC Central Committee, as the international and domestic situation has changed, we have made a fundamental adjustment in this area. And since the 1980's, in line with the spirit of Deng

Xiaoping's principle of not haggling over differences in social systems or ideologies when developing relations between countries or parties, our party's development of foreign affairs relations has no longer been premised on whether the social system and ideology are the same as ours. As to all political parties and organizations of all stripes in all countries throughout the world, except for a few such as fascist organizations and extremely reactionary racists, as long as they are willing to observe our four principles of interparty relations, we have active contracts and dealings with them, having established relations or ties of varying degrees and forms. The view that the development of party relations reflects or emphasizes ideology has long since become outdated and past history. It absolutely does not represent our new state of interparty relations, with the case being exactly the opposite, or that a marked feature of our new party-to-party relationship is that it is not premised on ideology.

Our current establishment and development of party-to-party relations, which is premised on equality and reciprocity, is aimed mainly at cooperating on matters of common concern such as peace and development, advancing understanding and friendship between political parties and peoples, and promoting party relations, to acquire a good and peaceful international environment for our domestic construction, not at trying to export our own ideology, and even less so at interfering in the domestic affairs of other countries. Deng Xiaoping has stressed that: "We need to not haggle over differences in social systems and ideologies, but rather having mutual respect for and giving equal treatment to all countries regardless of size or strength. This is how to solve all problems properly." (Footnote 6) (Ibid, Vol. 3, p 330) And "the view that the ideological beliefs of the Chinese Government are aimed at destroying governments such as that of the United States is at least not our stand of the 1980's. Nor was it our stand of the 1970's, rather being a throwback to our pre-1960's position." (Footnote 7) (Ibid, Vol. 2, p 378)

So our principle on differences in and even dissension over social systems and ideologies is to seek common ground while reserving differences, with mutual nonimposition of views, shelving of dissension, and respect for each other's choices, in an attempt to cooperate on the grounds of common interests. As long as all party-to-party relations observe this spirit when dealing with ideological issues, bipartisan relations will not only be established and preserved, but also will develop steadily, to bring the advantages of interparty dealings into full play, and contribute forcefully to the all-out development of national relations. In line with this spirit, our party not only preserves friendly relations with all types

of communist and worker's parties, but also has friendly dealings with many old and new socialist, social democratic, and worker's parties. We have become very close friends with various national democratic political parties in many Asian, African, and Latin American countries. In addition, our party also maintains friendly contacts and relations with certain traditional right-wing political parties in developed Western nations. Such contacts play an irreplaceable role in promoting the development in breadth and depth of national relations, increasing mutual understanding while eliminating possible misunderstandings. Despite the CPC's sharp ideological differences and dissensions with such political parties, in some cases even antagonism, with the joint efforts of both sides we can successfully skirt our differences, seeking friendly cooperation on equal and reciprocal terms. The facts prove that this is not only possible, but also quite valuable to both sides, as it is in line with respective fundamental interests.

Many foreign political parties have come through such contacts to a deeper understanding of our party's leading status and role in national affairs, holding that it is incomplete to have relations with the Chinese Government alone but not with our party, so have seen dealings with our party as a key step in developing relations with China. Some say that friendly exchanges between ruling parties are the key grounds for preserving stable national political relations, with contacts between political parties playing a role that cannot be replaced by government intercourse. In some cases, what government cannot accomplish, political parties can.

Of course, a few political parties are still sticklers for ideological issues, being very slow to open up contacts and dealings, even to the point of being regressive. But as that results in not only being out of line with the world tide, but also missing out on many opportunities and the real possibility of cooperation, in the final analysis, to damage their own interests, it is not wise.

In short, Deng Xiaoping's thinking on not drawing ideological lines has opened up very broad avenues for our party to develop friendly relations with all kinds of political parties throughout the world, creating particularly favorable terms for overcoming as much as possible ideological hindrances to interparty relations, to preserve fundamental national interests.

Since the end of the Cold War, all political parties throughout the world have been steadily splitting up and realigning. The changes in the political parties of all countries not only largely determine domestic policies and political trends, but also affect or influence certain changes in the international order. In the next five to 15 years, the world balance of political power and the trend

of socialist development may undergo profound change. So on such terms, better developing foreign affairs between political parties seems even more pressing and crucial. With the new historic terms providing new opportunities for our party's foreign affairs work, Deng Xiaoping's foreign affairs thinking has provided a powerful ideological weapon for our party's foreign affairs work, sharply broadening our horizons. So as long as we continue to strive to explore and develop, our party will have even brighter foreign affairs prospects.

We need to continue to conscientiously study and understand in depth Deng Xiaoping's theory and thinking on foreign affairs. With the leadership of the CPC Central Committee headed by Comrade Jiang Zemin, we need to further free up our thinking, studying new conditions and solving new problems. And closely focused on our whole party and nation's overall work and foreign affairs order, we need to better develop a new order of political party diplomacy, making our own new contribution to winning a more favorable international climate for China's construction.

#### **PRC: Beijing Able To Handle International Library Conference**

*OW1007073196 Beijing XINHUA in English  
0704 GMT 10 Jul 96*

[FBIS Transcribed Text] Beijing, July 10 (XINHUA) — A Chinese official has said that China is fully able to host the 62nd General Conference of the International Federation of Library Associations (IFLA) next month, with 3,000 representatives expected from all over the worldwide.

The world's biggest gathering of librarians will take place at the Beijing International Conference Center, which played host to the UN Fourth World Conference on Women last year. Hundreds of translators and interpreters are being prepped for this year's gathering, August 25-31, said Liu Xiaoqin, a preparatory committee member.

The IFLA was founded in 1927 in Britain, and has long been controlled by developed countries, with most of the annual conferences being held in industrialized countries. Only four have been held in Asia, though China was one of the founders.

The organization has 1,460 members from 139 countries and regions. Liu said that many countries have expressed the belief that China should host a meeting.

"China has a 5,000-year history and was one of the first countries to build a library. As its economy improves, its libraries are also being modernized, and it has the experience to play host of the conference," she noted.



Most libraries in the developed countries are using computers and the Internet to provide services and improve management. But Chinese libraries still lag behind, mainly because of fund shortages. Liu said she hopes the meeting, whose theme is "the challenge of change: libraries and economic development", will help China to improve its libraries and contribute to the country's economic take-off.

She said that the Chinese government places great importance on the meeting and formed a preparatory committee presided over by State Councillor Luo Gan.

Premier Li Peng also has sent a message of encouragement to the committee. Li said that libraries are a treasure house of human knowledge, and plays an irreplaceable role in advancing civilization, and noted that the conference is of great significance for libraries in China and other countries.

Liu said that the support of the central government is one guarantee of the conference's success.

### United States & Canada

#### PRC: Further on Jiang Zemin Meeting With Anthony Lake

OW0907154596 Beijing XINHUA Domestic Service in Chinese 1357 GMT 9 Jul 96

[By reporter Zou Chunyi (6760 2504 5030)]

[FBIS Translated Text] Beijing, 9 Jul (XINHUA) — At a meeting here today with Anthony Lake, assistant to the U.S. President for national security affairs, President Jiang Zemin said: China, a force safeguarding world peace and promoting mankind's common development, is willing to work hard with people of all countries, including the United States, to usher a peaceful, stable, and prosperous world into the 21st century.

Welcoming Lake, who is visiting China for the first time, Jiang Zemin said: "I hope your visit will help promote mutual understanding between China and the United States and improve and develop our two countries' relations."

He said: Safeguarding world peace, promoting common development, and creating a peaceful and stable, beautiful world are the strong aspirations and common demands of people of all countries. Under this situation, leaders of all countries, at a time when the 21st century is approaching, are thinking about what kind of a world they are going to bring into the next century. This is also an issue that leaders of our two big countries, China and the United States, should think about seriously.

Jiang Zemin stressed: The Chinese Government always attaches great importance to Sino-U.S. relations, main-

taining that, even though the world situation has gone through great changes, there are still extensive interests between China and the United States; and that developing good bilateral relations not only are in the interest of the two countries and the two peoples, but also are conducive to building an even better world, and to the peace and prosperity in the 21st century. Specifically, on the basis of this understanding, China maintains that China and the United States should approach and handle their relations from a strategic height and consider the needs of the 21st century so that the two countries can build their healthy, good, and stable relations.

Jiang Zemin said: An ancient Chinese saying goes: "Sincerity will bring about results." As long as the two sides are sincere, adhere to commitments, and work hard together, Sino-U.S. relations can be improved and developed.

Lake said that one of the important objectives of his current visit is to discuss with Chinese colleagues on how to conduct strategic dialogues between the two sides, and how to establish sound relationships among major countries in the next century that can help build a peaceful and safe world. He expressed the belief that the two great countries, the United States and China, can play an important role during this process.

Lake said he endorsed the principle that Jiang Zemin put forth for handling Sino-U.S. relations, namely "increasing trust, reducing troubles, developing cooperation, and avoiding confrontation." He said the two countries can establish normal and constructive relations as long as they uphold this principle.

During the meeting, Lake conveyed U.S. President Clinton's best regards to President Jiang Zemin. He said: Clinton is looking forward to meeting Jiang Zemin in Manila in November this year. Jiang Zemin expressed his thanks, and said that he also is looking forward to meeting Clinton during the informal Asian-Pacific Economic Cooperation summit.

Present at the meeting were Liu Huaqiu, director of the State Council Foreign Affairs Office; Li Zhaoxing, vice minister of foreign affairs; Winston Lord, U.S. assistant secretary of state; and U.S. Ambassador to China Sasser.

#### PRC: Li Peng Meets U.S. Presidential Assistant Lake 9 Jul

OW0907153096 Beijing XINHUA Domestic Service in Chinese 1406 GMT 9 Jul 96

[By reporters Zou Chunyi (6760 2504 5030) and Luo Hui (5012 6540)]

[FBIS Translated Text] Beijing, 9 Jul (XINHUA) — During a meeting with Anthony Lake, assistant to

the U.S. President for national security affairs, here today, Premier Li Peng said that regular [jing chang 4842 1603] Sino-U.S. dialogue at various levels, on the basis of mutual respect and equality, is conducive to deepening understanding and eliminating [xiao chu 3194 7110] misunderstanding between the two countries and will bring about further improvement in their relations.

He pointed out: China and the United States are both great nations, and there is no reason not to get along amicably [you hao xiang chu 0645 1170 4161 5710] with each other. It is hoped that the leaders of the two countries can proceed from the overall situation in handling bilateral relations, stand higher, and look further [zhan de geng gao kan de geng yuan 4541 1779 2577 7559 4170 1779 2577 6678]. The two countries should increase contact, deepen understanding, and expand cooperation. He said that doing this is in the fundamental interests of the people of the two countries and also conducive to peace and stability in this region and the world.

Li Peng said: The development of Sino-U.S. economic and trade relations have maintained good trends. It is in the two countries' practical interests to maintain normal economic cooperation and trade. China has always stood for resolving questions in cooperation through equal consultations. The two governments should create a good political environment for the cooperation between business circles of the two countries.

Lake said that he is visiting China at a moment when U.S.-Chinese relations are in a state of continuous improvement and hope. It is very encouraging that most members of the U.S. House of Representatives supported the unconditional extension of the most-favored-nation trading status to China not long ago. He said: Presently, both countries should continue to solve the differences still existing between them on the one hand and, more importantly, go beyond these concrete differences to establish an even more constructive kind of cooperative relations. Maintaining good relations between two great countries such as the United States and China is of great importance to establishing a kind of new order that will benefit all countries.

Lake said the United States firmly believes that a unified and strong China is in the interest of the United States. He expressed his admiration for China's rapid economic development. He said: This kind of development has created a great opportunity for trade and economic cooperation between the United States and China. Strengthening trade and economic cooperation between the United States and China is the most important aspect in bilateral relations; the U.S. side is willing

to work with the Chinese side to further promote the development of such bilateral trade and economic relations.

Also present at the meeting were Liu Huaqiu, director of the State Council Office of Foreign Affairs; Vice Foreign Minister Li Zhaoxing; Winston Lord, U.S. assistant secretary of state; and James Sasser, U.S. ambassador to China.

#### **PRC: U.S. National Security Adviser Cancels Visit to Shanghai**

*OW1007020196 Hong Kong AFP in English  
0133 GMT 10 Jul 96*

[FBIS Transcribed Text] Beijing, July 10 (AFP) — U.S. National Security Advisor Anthony Lake has cancelled his visit to Shanghai, an embassy spokeswoman said Wednesday.

Lake, who was due to fly to Shanghai Wednesday to meet with China's top policy official on Taiwan, did not leave Beijing as scheduled, apparently because of bad weather.

"I can confirm that Lake is not going to Shanghai and that he has not left Beijing," the spokeswoman said.

She refused to give a reason, but said problems with the weather "did not go contrary to what I have heard."

Lake held a marathon four rounds of talks Tuesday with China's president, premier, foreign minister and defense minister, and sources said he was expected to rest in Beijing before flying onto Bangkok Wednesday afternoon for the second leg of his five-nation tour.

#### **PRC: Hong Kong Article Analyzes Lake China Visit**

*OW0907110096 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1408 GMT 8 Jul 96*

[Special article by staff reporter He Chong (6320 0394): "Does Lake's Visit to China Indicate a Positive Change in the U.S. Policy Toward China?"]

[FBIS Translated Text] Hong Kong, 8 Jul (ZTS) — Lake, assistant to the U.S. President for national security affairs, is currently visiting Beijing and has met several high-level Chinese leaders. As Lake said, his current visit is a "continuation of the strategic dialogue between the Chinese and U.S. Governments." Whereas observers pointed out that he is a special envoy sent by President Clinton "to repair Chinese-U.S. relations" and that his visit also serves as a probe for Clinton's China visit.

Lake, chief adviser to the White House, takes care of the routine work in the U.S. National Security Council



and is known as the "White House military adviser." His predecessors, such as Kissinger during the Nixon era and (Berzeniski) during the Carter era, had greater influence than the secretaries of state on the presidents' formulation of foreign policy and global strategy. However, Lake has always kept a low profile and even very seldom appears in public or makes speeches. The publicity he receives is inferior to Secretary of State Christopher. His current visit to China is the first visit by the highest-level U.S. official since Christopher's visit to the country in 1994.

Observers pointed out that Lake's China visit is a positive expression of the U.S. intention to repair Chinese-U.S. relations. Prior to this, China and the United States reached an agreement on intellectual property rights, removing the crisis of imposing sanctions against one other. U.S. President Clinton announced an unconditional extension of the most favored nation [MFN] status to China, and the U.S. House of Representatives, by an overwhelming majority of 286 votes against 141, vetoed a resolution bill on abolishing China's MFN status. The Congress' ratification of the President's decision is a foregone conclusion. The biggest contradiction in the two countries' economic and trade field is expected to be resolved this year. This situation serves as the most appropriate opportunity for mutual visits by the two countries' high-level leaders.

It is noteworthy that there was a large-scale debate in Washington over the U.S. policy toward China. To maintain the dominant power of the Democratic Party administration's foreign policy and to solicit businessmen's and masses' support for the decision to renew China's MFN status, President Clinton planned that he himself, Christopher, and Lake should make speeches on the policy toward China. Earlier, some members of the Congress urged "containing China" and wresting back the dominant power of the policy toward China. This worsened Chinese-U.S. contradictions and damaged U.S. interests in Asia. Being aware that this practice could not lead anywhere, the Republicans accepted the Democratic Party's proposal and the two parties reached a consensus on the policy toward China. As reported, Christopher's long speech on China won praise from people in and outside the government as well as from the media. Even [Bob] Dole, the Republican's presidential candidate, openly said that he did not agree with the policy of "containing China" or with a more offensive human rights policy. He only said that Clinton's policy toward China was vacillating. As a matter of fact, he supports the government's basic policy toward China.

As learned, because Clinton's, Christopher's, and Lake's speeches on China sang the same basic tune,

only the text of Christopher's speech was published in full, which is regarded as the newest version of the White House policy toward China since Li Teng-hui's U.S. visit. He mentioned three major objectives in the U.S. policy toward China: A strong China conforms with U.S. interests and can balance the forces in Asia and the whole world; the United States supports China's admission into the international community, and its admission into the World Trade Organization must correspond with the regulations; and, when dealing with China, efforts must be made to protect U.S. interests. He also said that in maintaining unofficial relations with Taiwan, the United States will develop friendly relations with China. The most interesting is this: He proposed "high-level frequent contacts between the United States and China" and indicated Clinton's effort to visit Beijing by the end of this year after his reelection as president.

Observers are aware that the White House policy toward China has returned to the basic theme of 1993 after many years of twists and turns. In July of that year, not long after Clinton assumed office in the White House, as the President's national security adviser, Lake was authorized to draft an "action memorandum" on foreign policy after the Cold War. Clinton signed it as a national document in September. Among other things, it proposes adopting an "expansionist strategy" toward China and other socialist countries, to replace the "containment policy" during the Cold War. In other words, military means will be replaced by economic means. For this reason, in October of the same year, Clinton proposed holding an Asia-Pacific economic cooperation conference, specially invited Chinese President Jiang Zemin to the conference, and held a Chinese-U.S. summit. In more than year after this, the two countries' economic and trade relations developed fast, but some changes took place in the subsequent development. In April and May 1995, the U.S. Congress ratified a bill on inviting Li Teng-hui to visit the United States and another bill on upgrading U.S.-Taiwan relations. Some Congressmen made a noise of "containing China." Thus, Chinese-U.S. relations experienced a serious setback.

It is worth wondering whether Lake's current visit to China indicates U.S. return to the 1993 policy toward China.

**PRC: Editorial Views Positive Trends in Sino-U.S. Relations**

*HK1007055896 Hong Kong WEN WEI PO in Chinese 10 Jul 96 p A2*

[Editorial: "Positive Trends Emerge in Sino-U.S. Relations"]

[PTS Translated Text for FBIS] Anthony Lake, assistant to the U.S. president for national security affairs, is currently visiting China. He arrived in Beijing on Sunday and held in-depth talks with Liu Huaqiu, director of the State Council's Foreign Affairs Office, the following day. Yesterday, Chinese State President Jiang Zemin and Premier Li Peng, as well as Qian Qichen, vice premier and concurrently foreign minister, met with Lake separately.

As one of the foreign policy makers at the White House, Lake is the most senior U.S. official to visit China this year. Judging from the talks Lake has held with top Chinese hierarchy during his visit, Sino-U.S. relations are emerging from an all-time low [zheng zai zou chu di gu 2973 0961 6382 0427 0144 6253] and the most difficult stage is over.

As is known to all, Sino-U.S. relations started to deteriorate last summer. This was not caused by the Chinese side. Sino-U.S. relations began to improve and achieved normalization from the 1970's and both parties have signed three joint communiques as a basis and principle for bilateral relations. The U.S. side approved Li Teng-hui's visit to the United States last year. No matter what pretexts the U.S. side subsequently sought to exonerate itself, this practice of going back on one's word is certainly incompatible with the norms guiding international relations.

At the series of talks with the senior Chinese hierarchy, Lake reaffirmed that the United States continues to pursue a "one China" policy and uphold the principle laid down in the three U.S.-Chinese joint communiques and that the United States does not support Taiwan's independence or its participation in the United Nations. Naturally, it is insufficient to merely reaffirm these principles. Therefore, Lake has indicated that the purpose of his current visit to China is to explore how to launch a strategic dialogue between both parties, especially the establishment of a mechanism of mutual, close cooperation between major powers in the 21st century, that the United States hopes a powerful China will be conducive to world peace in the next century, and that the United States attaches importance to developing relations with China. He added that he admires very much China's rapid economic growth, which has created an enormous opportunity for U.S.-Chinese economic cooperation and

trade. He also cited as an example the resolution approved by both houses of the U.S. Congress with a substantial majority on extending the most-favored-nation status to China to show the importance of economy and trade in bilateral relations.

From the remarks Lake has made on behalf of the highest U.S. authority we can see that the U.S. government takes China as an important factor when considering strategic issues facing the next century. Although there are people in the United States, either in or out of government, advocating the "containment [e zhi 6666 0455]" of China, China is not afraid of "containment," nor can it be "contained." "Containing" China means provoking a confrontation with China. In such a case, the United States will be placed in opposition to 1.2 billion Chinese people—a cost the United States is unable to sustain. Conversely, a strong and prosperous China is conducive to world peace and development and "creates an enormous opportunity" for developed countries to enter the Chinese market. For its own national interest, the United States must adopt a policy of maintaining contact and developing a cooperative relationship with China. History has proven that if Sino-U.S. relations develop steadily, the Asia-Pacific region will be stable.

A person without prejudices will readily concede that the Chinese nation is a peace-loving nation and that China has never invaded other countries. As the most populous nation in the world, China's move from poverty to relative prosperity and even to prosperity constitutes a major contribution to the international community rather than a threat to anyone. Moreover, as a great power of principle and integrity, China will only develop relations with other countries on the basis of equality. A growing number of countries have recognized this point.

At a meeting with Jiang Zemin, Lake said that he agreed with Jiang Zemin's 16-character principle on Sino-U.S. relations, i.e. "increase trust, reduce trouble, expand cooperation, and avoid confrontation [zeng jia xin ren, jian shao ma fan, fa zhan he zuo, bu gao dui kang 1073 0502 0207 0117, 8096 1421 7802 3565, 4099 1455 0678 0155, 0008 2269 1417 2123]." To increase trust, it is necessary to have contact, and especially contact at the highest level. Chinese and U.S. foreign ministers have had numerous meetings in recent years and will hold another one in Jakarta very soon. The heads of state of both countries will also meet at the nonofficial meeting of Asia-Pacific leaders in November this year. The White House also announced yesterday that official state visits between Chinese and U.S. heads of state were also being considered and arranged.

Some time ago, China and the United States reached agreement on the issue of protecting intellectual property rights, and the U.S. administrative authority and Congress extended the most-favored-nation status to China. These are conducive to the improvement of Sino-U.S. relations. Lake's visit to China has further strengthened the positive trends in Sino-U.S. relations. There may still be new difficulties in future Sino-U.S. relations, but strengthening dialogue and cooperation between both parties is the general trend, is in the interest of both parties, and is conducive to world peace and prosperity in the 21st century.

**PRC: Article Views Frequent Attacks on U.S. Installations Abroad**

*HK1007081496 Beijing RENMIN RIBAO in Chinese  
1 Jul 96 p 6*

["Roundup" by staff reporter He Gang (0149 0474):  
"U.S. Institutions Stationed Abroad Subject To Frequent Attacks"]

[PTS Translated Text for FBIS] In a joint statement on 29 June, the United States and Saudi Arabia said that they would continue to coordinate action and jointly strike relentless blows at terrorist acts. Earlier, the Group of Seven summit held in Lyon on 27 June had approved an "Anti-Terrorist Statement" to denounce terrorist activities and decided to hold a ministerial meeting on fighting terrorism in Paris in July in order to jointly crack down on international terrorist activities.

The two statements, in fact, originate from the same terrorist incident. On the night of 25 June, a huge explosion took place at a U.S. air base near Dhahran, Saudi Arabia, leaving more than 20 people dead and more than 300 people injured. Housing more than 2,000 U.S. servicemen, the base is deployed with an air wing composed of U.S.-made F-15 and F-16 fighters and is responsible for implementing the task of a "no-fly zone" against Iraq set by the United Nations.

It was the second attack on a U.S. military base in Saudi Arabia in seven months. On 13 November last year, a U.S. military training base in the Saudi capital of Riyadh was destroyed by a car bomb, leaving seven people dead. After the four Muslim extremists plotting the explosion were executed by the Saudi Government last May, some underground Muslim extremist organizations threatened to attack U.S. troops at every chance.

Why is it that the terrorists want to make things difficult for U.S. troops? According to some commentaries, their aim is very clear, i.e. "make the Americans leave this kingdom as quickly as possible." People note that since the Iraqi invasion of Kuwait in 1990, the United States has signed bilateral military agreements

with the six Gulf states and, by sending more military materials and retaining considerable numbers of U.S. naval and air force troops, given the Gulf states more "security guarantees." But the stationing of massive U.S. troops in the Middle East, especially their posture as "guardian deities [bao hu shen 0202 6233 4377]" and their gesticulating airs, has deeply hurt the nationalistic feelings of many Arabs. As time drags on, Western culture and values have also increasingly penetrated into Saudi Arabia, which is a relatively conservative kingdom, posing a threat to its traditional social and ethical standards. This has aroused a strong aversion and uneasiness among hardline Muslim fundamentalists in the Middle East. They have increasingly called for the speedy withdrawal of U.S. troops; some organizations and individuals have not hesitated to take risks and adopt extremely violent actions. A Western diplomat based in the Middle East conceded that "there are people everywhere opposing the Americans. The two explosions in Saudi Arabia show that such feelings are running high."

In fact, it is not only in Saudi Arabia but also in other countries that U.S. troops have been subject to numerous attacks in recent years. On 14 April 1988, a bomb exploded at a U.S. military club in Naples, Italy, killing five people. On 23 October 1983, a truck fully loaded with explosives crashed into a U.S. marine headquarters at the Beirut airport, killing 211 U.S. servicemen.

It is not only U.S. troops stationed abroad but also U.S. embassies that have become targets of attack by terrorists. On 13 September last year, a masked man attacked the U.S. embassy in Russia with a rocket. On 20 September 1984, the auxiliary wing of the U.S. embassy in Lebanon was bombed, killing 24 people. On 18 April 1983, also in Lebanon, a car bomb exploded at the U.S. embassy in Western Beirut, killing 63 people on the spot....

Why is it that U.S. institutions stationed abroad have always found it difficult to cast off terrorist attacks? Many people attribute this to extreme callousness on the part of the terrorists. True, viewed from whichever angle, those who indiscriminately kill innocent people and endanger public security should be jointly censured by the international community; however, tracing the matter to its source, the United States itself should be held partly responsible. As has been pointed out in a foreign news agency commentary, for a long time in the past, in an effort to protect its so-called "strategic interest" in a certain area, the U.S. Government and troops are often keen on actively involving themselves in international affairs and regional disputes in total disregard of the will of other people and they have even benefited at the expense of others. They try to serve



as the so-called "guardian deities" everywhere. What is satirical is that the "guardians deities" have often made a mess of things, bringing about new disputes. Sometimes, they cannot ensure their own safety and repeatedly bring trouble upon themselves.

Following the explosion at the U.S. military base in Saudi Arabia, a U.S. State Department official, associating it with the repeated harassments of U.S. institutions abroad by terrorist incidents, said categorically on 26 June: "There is no absolute security (abroad). Since we exercise leadership and join in affairs in all parts of the world, we are placed in a dangerous position." If what he said is correct, then who will be responsible when group after group of U.S. servicemen and working personnel stationed abroad are killed in vain in foreign lands?

### Northeast Asia

#### PRC: Jiang Zemin Meets DPRK Vice Premier

OW1007082196 Beijing XINHUA in English  
0748 GMT 10 Jul 96

[FBIS Transcribed Text] Beijing, July 10 (XINHUA) — Chinese President Jiang Zemin is now at a meeting with Kim Yun-hyok, vice-premier of the Administration Council of Democratic People's Republic of Korea (DPRK), in Zhongnanhai, site of the Chinese Government.

Jiang extended welcome to the DPRK guests. By press time, the meeting is going on.

Chinese Premier Li Peng and Vice-Premier Wu Bangguo met with Kim on separate occasions Tuesday.

#### PRC: Li Peng Meets DPRK Vice Premier Kim Yun-hyok

OW0907135296 Beijing XINHUA in English  
1326 GMT 9 Jul 96

[FBIS Transcribed Text] Beijing, July 9 (XINHUA) — Chinese Premier Li Peng this afternoon met Kim Yun-hyok, vice-premier of the Administration Council of the Democratic People's Republic of Korea (DPRK). The two had a cordial and friendly conversation at Zhongnanhai in Beijing.

Extending a welcome to the DPRK delegation, Li said that July 11 is the 35th anniversary of the signing of Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance, which symbolizes the traditional friendship between the two countries.

The Chinese Premier added that the joint commemoration of this event is of great significance, which will surely push Sino-Korea friendly cooperative ties forward.

Kim Yun-hyok said the treaty is the embodiment of the strong friendship between the two peoples. He said, he is glad with the great achievements China has made in its modernization drive, adding that he sincerely wishes China will make greater achievements in its future construction.

According to Li Peng, the Chinese Communist Party and government have always attached importance to their friendship with DPRK. And in the spirit of mutual support and assistance, China has tried its best to aid DPRK's socialist construction, and will make its consistent efforts in this regard.

The Chinese Premier expressed his wish that the Korean people will make new achievements in every field under the leadership of Worker's Party of Korea, headed by comrade Kim Chong-il.

Kim Yun-hyok thanked China for its support to DPRK. He also conveyed comrade Kim Chong-il's and Premier Kang Song-san's regards to the Chinese Premier. Li echoed, by extending his regards.

DPRK's ambassador to China Chu Chang-chun was present at the meeting.

#### PRC: Wu Bangguo Meets DPRK's Vice Premier Kim Yun-hyok

OW0907140496 Beijing XINHUA in English  
1350 GMT 9 Jul 96

[FBIS Transcribed Text] Beijing, July 9 (XINHUA) — Chinese Vice-Premier Wu Bangguo reiterated today that China's new generation leaders attach great importance and are devoted to the development of friendly ties between China and the Democratic People's Republic of Korea.

During a meeting in Beijing with Kim Yun-hyok, vice-premier of the Administration Council of DPRK, Wu expressed the conviction that through concerted efforts, friendship between the two countries would be reinforced.

Wu extended a warm welcome to Kim who is here to participate in celebrations marking the 35th anniversary of signing of Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance. He also expressed pleasure over the consistent improvement of bilateral ties over the past 35 years.

He said that the treaty was signed by late Chinese Premier Zhou Enlai and DPRK President Kim Il-song, and the friendship fostered by the former generation of the two nations has rooted deeply in the hearts of the two peoples.

Kim said that since the signing of the treaty, friendly ties between the two nations have been developing amidst an ever-changing international situation, and the two peoples have established deep friendship.

He expressed the hope that through his present visit, bilateral relations would be promoted even further.

Kim is in China at the invitation of the Chinese government.

President of the Chinese People's Association for Friendship with Foreign Countries Qi Huaiyuan and DPRK Ambassador to China Chu Chang-chun participated in the meeting which was followed by a banquet, hosted by Wu in honor of the DPRK guests.

**PRC: 'Text' of WPK Greetings on CPC Founding Anniversary**

*OW0907120596 Beijing XINHUA Domestic Service in Chinese 1503 GMT 1 Jul 96*

[FBIS Translated Text] Beijing, 1 Jul (XINHUA) — The Central Committee of the Workers' Party of Korea [WPK] cabled the CPC Central Committee on 30 June to warmly congratulate the CPC on its 75th founding anniversary. The full text of the congratulatory message follows:

Beijing

The CPC Central Committee:

The WPK Central Committee would like to extend its warmest congratulations to the CPC Central Committee and all CPC members on the CPC's 75th founding anniversary.

The CPC's founding is a major historical event that ushered in a new era in the Chinese people's revolutionary struggle.

Thanks to the CPC's founding, the Chinese Communists and people were able to rally closely around a truly revolutionary organization of their own — the CPC — and advance along the glorious path of revolutionary struggles.

In the 75 years since its founding, the CPC has held aloft the banner of revolution; waged a long and arduous struggle against imperialism, feudalism, and bureaucratic capitalism; scored victory in the new democratic revolution; and overcome all difficulties and hardships in the revolutionary spirit of self-reliance and hard struggle to build China into a thriving and prosperous new socialist country.

The CPC has developed into a revolutionary political party that has a glorious revolutionary tradition and

valuable experiences and achievements in waging struggle.

Today, under the correct leadership of the CPC led by Comrade Jiang Zemin, our Chinese brethren are united as one in waging a vigorous struggle to implement the Ninth Five-Year Plan for National Economic and Social Development and the Long-Term Target Through the Year 2010 that is of great significance in building socialism with Chinese characteristics, and achieving national reunification according to the principle of "one country, two systems."

The CPC's achievements have contributed tremendously to the common cause of the revolutionary people of the world in striving for self-determination, progress, and socialism.

The WPK and the Korean people heartily rejoice at the achievements of the CPC and the Chinese people in socialist construction, and sincerely wish them even greater successes in the future.

Korean-Chinese friendship is a valuable friendship jointly fostered and developed by the leaders of the two countries, as well as a traditional friendship strengthened and developed in the trials of history.

It is our party's consistent principle and the common wish of party members and the peoples of our two countries to consolidate, develop, and carry forward Korean-Chinese friendship from generation to generation.

We firmly believe the fraternal friendship and solidarity between the Korean and Chinese parties and peoples will, as before, be consolidated and developed continuously.

The WPK Central Committee

30 June 1996, in Pyongyang.

**PRC: State Councillor, Delegation Depart for DPRK**

*OW1007040496 Beijing XINHUA in English 0339 GMT 10 Jul 96*

[FBIS Transcribed Text] Beijing, July 10 (XINHUA) — Chinese State Councillor Luo Gan, leading a Chinese delegation, left here today by plane for the Democratic People's Republic of Korea (DPRK) on a good-will visit, at the invitation of the DPRK Government.

Luo, also secretary-general of the State Council, and his delegation will participate in the celebrations marking the 35th anniversary of the Sino-Korean Treaty of Friendship, Cooperation and Mutual Assistance.

Among Luo's delegation were Governor of Liaoning Province Wen Shizhen and officials from the Chinese



Foreign Ministry, the International Liaison Department of the Central Committee of the Chinese Communist Party, and the Ministry of Railways.

Luo was seen off at the airport by officials from the Chinese State Council and DPRK's ambassador to China, Chu Chang Jun.

**PRC: CPC Official Meets Japanese Sakigake Party Leader**

*OW0907151496 Beijing XINHUA in English  
1338 GMT 9 Jul 96*

[FBIS Transcribed Text] Beijing, July 9 (XINHUA) — Wei Jianxing, member of the Political Bureau and Secretariat of the Chinese Communist Party (CPC) Central Committee, met a delegation from Japan's Sakigake (Pioneer Party) in Beijing this evening.

On behalf of the CPC Central Committee, Wei extended a welcome to the delegation, led by Takemura Masayoshi, Sakigake's head.

Sakigake is one of the three ruling political parties which form Japan's coalition.

Wei said Sakigake established contacts with the CPC shortly after its founding. He added the current visit of Masayoshi and his delegation shows that Sakigake attaches importance to Sino-Japanese relations and exchanges with the CPC.

He expressed the hope that the two political parties will strengthen contact to help promote the development of Sino-Japanese relations.

Generally speaking, Wei noted, Sino-Japanese relations are growing smoothly at present. This is the result of the long and unremitting efforts of the two governments and people from all walks of life, he commented.

"We believe that Sino-Japanese relations can achieve long-term, stable and sound development, as long as the two countries strictly abide by the Sino-Japanese Joint Declaration and the Sino-Japanese Peace and Friendship Treaty, learn lessons from history, respect each other, seek common ground, while reserving differences, consult with each other in a sincere and friendly manner, and properly handle any problems that occur," he said.

Masayoshi said the purpose of his visit is to exchange views with Chinese leaders on issues of common concern and increase mutual understanding to help promote the continued development of Japanese-Chinese relations.

Masayoshi and his party arrived here today at the CPC's invitation. Earlier today, Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, held talks with Masayoshi.

**PRC: NPC Vice Chairman Meets Japanese Delegation**

*OW1007040796 Beijing XINHUA in English  
0340 GMT 10 Jul 96*

[FBIS Transcribed Text] Beijing, July 10 (XINHUA) — Wang Guangying, vice-chairman of the Standing Committee of China's National People's Congress, met here this morning with a delegation from the Yaohan International Co. Ltd. of Japan.

The delegation is headed by Kazuo Wada, chairman of Yaohan corporation, and Hiroshi Hashimoto, special advisor of the corporation and former Japanese ambassador to China.

The delegation is here as guests of the All-China Youth Federation.

**PRC: Beijing Implicitly Asks Japan Not To Accept Li's Visit**

*OW1007090496 Tokyo KYODO in English  
0848 GMT 10 Jul 96*

[FBIS Transcribed Text] Beijing, July 10 KYODO — China implicitly asked Japan on Wednesday not to accept Taiwan President Li Teng-hui's idea of visiting Tokyo, officials of Japan's ruling coalition partner New Party Sakigake said.

During a meeting with visiting Sakigake leader Masayoshi Takemura at the Foreign Ministry, Chen Jian, assistant vice foreign minister, said Beijing hopes Tokyo will "take appropriate action" toward Li's interest in visiting Japan, the officials said.

Takemura, meanwhile, called for the cancellation of China's nuclear testing scheduled for September, the officials said.

China is the only nuclear power to continue nuclear testing as test ban treaty negotiations enter their final stage.

Beijing has said it will conduct only one further test in September and then join a test moratorium observed by the other nuclear powers Britain, France, Russia and the United States, and sign the test ban treaty.

China conducted its latest nuclear test at a remote western site June 8.

Noting that the September test will be the last, Chen sought Takemura's understanding on China's long-term nuclear policy, the officials said.

They quoted Chen as telling Takemura, former finance minister, that neither the problem of nuclear testing nor

the issue of a comprehensive test ban treaty will be discussed next year.

Later at China's National Defense Ministry, Takemura met Lt. Gen. Xiong Guangkai, deputy chief of general staff at the People's Liberation Army, who refuted criticism of China's nuclear testing, the officials said.

Xiong told Takemura that the scale of Beijing's nuclear tests has been smaller than those by the U.S. and Russia, they said.

Later in the day, Takemura is slated to meet President Jiang Zemin.

The officials said Takemura will visit Inner Mongolia's Kubuqi desert on Thursday to participate in a tree-planting ceremony as part of what they called "environmental peacekeeping operations."

Sakigake is the smallest component in Japan's triumvirate. The other two blocs are Prime Minister Ryutaro Hashimoto's Liberal Democratic Party and the Social Democratic Party led by former Prime Minister Tomichi Murayama.

#### **PRC: Japan Offers Much-Needed Aid to Flooded Areas**

OW1007101096 Beijing XINHUA in English  
0934 GMT 10 Jul 96

[FBIS Transcribed Text] Beijing, July 10 (XINHUA) — The Japanese Government has offered about 600,000 US dollars in relief to flood-stricken areas in the southern part of China.

A press release from the Chinese Ministry of Civil Affairs says that 300,000 US dollar's worth of disaster relief will soon be provided to Anhui Province via Shanghai.

The ministry also expects to receive another 300,000 US dollars from the Japanese Government soon.

Anhui, Zhejiang, Jiangxi, and Guizhou provinces had heavy rainfalls from June 27 to July 1, that caused flooding in these areas.

#### **Southeast Asia & Pacific**

##### **PRC: Australia Reverses Trade Deficit With Beijing**

OW1007112396 Beijing XINHUA in English  
1103 GMT 10 Jul 96

[FBIS Transcribed Text] Canberra, July 10 (XINHUA) — Australia boosted its exports to China by over 40 percent in the first three months of this year, reversing its trade deficit into a surplus with China.

Figures released by the Australian Bureau of Statistics (ABS) today showed that Australia enjoyed a 32.7

billion Australian dollar (25.8 billion US dollars) trade surplus with China in the first quarter of 1996, compared with trade deficits of 737.1 billion Australian dollars (582.3 billion US dollars) in 1995 and 557.9 billion Australian dollars (440.7 billion US dollars) in 1994.

Bilateral trade volume totaled 2.09 billion Australian dollars (1.65 billion US dollars) in the three months to March, an increase of 24.8 percent over the same quarter in 1995.

Australia's exports to China grew by 40.2 percent in the period, while its imports from China grew by 12 percent.

China's greater demand for Australian grain was the major factor for Australia's exports boom to China, which was partially offset by a drop in its exports of wool to China.

Australia exported 26.3 million Australian dollars (20.8 million US dollars) worth of wheat to China during January to March, an increase of 302 percent over the same period of last year.

It also boosted barley exports to China by 116 percent to 17 million Australian dollars (13.4 million US dollars) in the period.

Higher wheat prices on international market also helped to improve Australia's exports income from China.

However, subdued demand for Australian wool drove its export volume down by 47.9 percent to 100 million Australian dollars (79.6 million US dollars) in the three months over the same period of last year.

In the same time, China's exports of shoes to Australia fell sharply to 67.5 million Australian dollars (53.3 million US dollars), down nearly 10 percent from the same period of 1995.

China is now the sixth largest trading partner of Australia, while Australia is the tenth largest trading partner of China. Bilateral trade is expected to continue to grow this year.

##### **PRC: 'Text' of Vietnam Party Message on CPC Anniversary**

OW1007075196 Beijing XINHUA Domestic Service  
in Chinese 1633 GMT 1 July 96

[FBIS Translated Text] Beijing, 1 Jul(XINHUA)—The Communist Party of Vietnam [CPV] Central Committee cabled the CPC Central Committee on 30 June to warmly congratulate the CPC on its 75th founding anniversary. The text of the congratulatory message follows:

Beijing, the CPC Central Committee

On the CPC's 75th birth anniversary, we would like to extend our warm congratulations to the CPC and the Chinese people on behalf of the CPV and the Vietnamese people.

For the past 75 years, the Chinese people have scored tremendous victories in national liberation and revolution, socialist construction, reform, and opening up under the CPC's leadership.

We warmly congratulate you on your achievements. May the Chinese people, under CPC leadership, fulfill the Ninth Five-Year Plan and the Long-Term Target Through 2010; and score more and greater achievements in reform, opening up, and socialist construction.

We are glad to note that the traditional relationship between the CPV and CPC has developed further in the past few years. This has made positive contributions to enhancing mutual understanding, friendly relations, and effective cooperation in various fields between Vietnam and China; and to promoting the interests of the two peoples, peace, stability, and development.

May the friendly relations and cooperation between the Vietnamese and Chinese parties and the two countries and their peoples continue to strengthen and develop.

The CPV Central Committee

30 June 1996, Hanoi

**PRC: Wen Jiabao Meets DPRK's Hwang Chang-yop in Hanoi**

*OW0207023396 Beijing XINHUA in English  
0122 GMT 2 Jul 96*

[FBIS Transcribed Text] Hanoi, July 2 (XINHUA) — Wen Jiabao, deputy chief of the Chinese delegation to the eighth Congress of the Vietnamese Communist Party, Monday met Hwang Chang-yop, head of the delegation of the Workers Party of Korea.

Wen Jiabao, an alternate member of the Political Bureau of the Central Committee of the Chinese Communist Party and a member on the Secretariat of the Central Committee, said that the Sino-Korean friendship was forged by the elder generations of leaders of the two countries and cemented by blood of the Chinese and Korean peoples.

It is the long-term policy of the Chinese Communist Party to maintain and strengthen the bilateral ties which have been bolstered and promoted in recent years, Wen added.

Hwang Chang-yop, a member on the Secretariat of the Central Committee of the Workers Party of Korea,

congratulated the Chinese Communist Party on the 75th anniversary of its founding.

He said that under the leadership of the Chinese Communist Party with Jiang Zemin at its core, the Chinese people have made outstanding headway in the construction of socialism with a Chinese feature.

Wen hoped that the two parties and the two countries will further exchanges and cooperation so as to boost a continued development of the relationship between the two parties and the two countries.

**Sub-Saharan Africa**

**PRC: Text of Li Peng 8 Jul Congratulatory Message to OAU Summit**

*OW0907111296 Beijing XINHUA Domestic Service  
in Chinese 1547 GMT 8 Jul 96*

[By unattributed reporter: "Li Peng Sends a Congratulatory Message to the Summit Conference of the Organization of African Unity"]

[FBIS Translated Text] Beijing, 8 Jul (XINHUA) — Chinese Premier Li Peng today sent a message to the Organization of African Unity [OAU] congratulating it on the grand opening its 32d summit conference in Cameroon's capital city of Yaounde. The full text of the message is as follows:

Yaounde

The summit conference of OAU heads of state and governments

On the occasion of the 32d OAU summit conference, on behalf of the Chinese Government and people, I express warm congratulations on the opening of the conference.

Over the last few years, the world pattern has experienced major changes and multipolarization has developed rapidly. Developing countries have risen quickly and their international position has improved daily. African countries are active forces in international affairs and are important components of developing countries. In recent years, the situation on the African continent has developed toward stability, its economy is gradually rising, and its unification efforts are further gaining momentum. Africa's stability, development, and unity are beneficial not only to Africa itself but also to strengthening developing countries' entire force and to world peace and prosperity as well. We are fully confident of Africa's future.

As a political organization uniting the entire continent, OAU has traversed a glorious 33-year history, has made great contributions to Africa's political emancipation,



and has added a brilliant chapter to the history of human civilization. At a time when the present-day world is tending toward regionalization and conglomeration, OAU has made important contributions to seeking a political solution to the African issue, to safeguarding Africa's peace and stability, and to bringing about economic integrity in Africa. OAU has always been a banner of unity and struggle for African countries.

China has always treasured friendly and cooperative Chinese-African relations and values highly the development of relations with OAU and African countries. President Jiang Zemin's recent tour of Africa was an important event in the development history of Chinese-African relations. As the largest developing country, China shares both good and bad with Africa, which is the largest developing continent. China is willing to work hand in hand with Africa in building prolonged, stable, and completely cooperative Chinese-African relations to face the 21st century. China will, as always, support African countries' and OAU's efforts for Africa's peace and development. I believe that with the common efforts of African countries and OAU, the African continent will advance toward a new developing century with a new attitude.

Wishing the conference a satisfactory success!

Li Peng, premier of the PRC State Council

8 July 1996

**PRC: Vice Premier Li Lanqing Meets Cote d'Ivoire Prime Minister**

OW0907152296 Beijing XINHUA in English  
1459 GMT 9 Jul 96

[FBIS Transcribed Text] Beijing, July 9 (XINHUA) — Chinese Vice-Premier Li Lanqing met Cote d'Ivoire Prime Minister Daniel Duncan in Beijing today for cordial talks.

Li recalled his visit last year to Cote d'Ivoire, and the hospitality he received during his stay there.

He noted that the Chinese government is satisfied with the smooth development of economic and trade relations between the two countries, saying China is willing to reinforce diversified forms of co-operation with Cote d'Ivoire in various sectors.

He said that China stands for mutually-beneficial co-operation between enterprises of the two nations, besides cooperation between the two governments. China encourages Chinese enterprises to invest in Cote d'Ivoire, and also welcomes entrepreneurs from Cote d'Ivoire to carry out economic and trade businesses with China.

Li expressed the conviction that Duncan's current China tour would push the economic and trade ties between the two nations to a new high.

Duncan said that the signing of a number of cooperative agreements during his stay is a continuation of cooperations between the two countries. He also expressed confidence over the friendly cooperative ties.

Prior to the meeting, Li and Duncan attended a signing ceremony for a government trade agreement, an agreement on the establishment of a trade center, and an agreement on mining and metallurgy, between the ministry of mine and oil resources of Cote d'Ivoire and the Ministry of Metallurgical Industry of China.

**PRC: CPPCC Chairman Li Ruihuan Meets Burundi State Secretary**

OW0907162196 Beijing XINHUA in English  
1554 GMT 9 Jul 96

[FBIS Transcribed Text] Beijing, July 9 (XINHUA) — Li Ruihuan, Chairman of the National Committee of the Chinese People's Political Consultative Conference, today expressed satisfaction with the development of the Sino-Burundi relations, and hoped for expanding cooperation between the two countries in various ways.

At a meeting with Nicolas Mayugi, state secretary of the Ministry of Foreign Affairs and Cooperation of Burundi, Li said China attached much importance to its links with Burundi, believing relations would develop on the basis of the existing good ties.

Though China and Burundi are separated afar, and each has its own specific conditions, they share or have similar views on major international issues. It is a set policy of the Chinese government to strengthen relations with Burundi and other African countries, as well as all other developing countries. The Chinese government thanked the Burundi government and its people for their support to China on international issues.

"As old friends of Burundi, the Chinese people and the government sincerely wish Burundi to develop its economy and maintain social stability, and hope that the Burundi people under the leadership of the Burundi government, can unite and join their efforts to rebuild their homeland," Li said.

Li also briefed the guests on China's economic and social development, and the ongoing reform and opening to the outside world.

The CPPCC leader said China is confident in solving the existing problems, such as poor agricultural infrastructure, low efficiency of state-owned enterprises, and poor social order in some areas.

Mayugi said he was honored to have met with Chairman Li for the third time. Burundi and China have a deep-rooted friendship which has stood various tests, he said, adding that the Chinese people and government were always on the Burundi side in the most difficult periods.

And in the United Nations, China opposed the armed intervention by foreign power into Burundi's internal affairs, thus maintaining the integrity of sovereignty of Burundi, Mayugi noted. "For this, the Burundi people are sincerely grateful to the Chinese people," he said.

Sharing Li Ruihuan's view on bilateral relations, Mayugi said the friendship between Burundi and China has been developing continuously since the two countries forged links diplomatically in 1962.

Mayugi promised that the Burundi government would always support China in major international issues, and support China's stand in realizing its national reunification.

**PRC: Wu Yi Meets Burundi State Secretary  
Nicolas Mayugi**

*OW0907151196 Beijing XINHUA in English  
1418 GMT 9 Jul 96*

[FBIS Transcribed Text] Beijing, July 9 (XINHUA) — Chinese Minister of Foreign Trade and Economic Coop-

eration Wu Yi met with Nicolas Mayugi, state secretary of the Ministry of Foreign Affairs and Cooperation of Burundi, and his party here today.

Mayugi expressed satisfaction with the outcome of the seventh Burundi-China mixed committee on economy, technology and trade. He spoke highly of China's assistance to his country and the achievements of the cooperation between the two countries.

He also thanked the Chinese government for its aid to Burundi when his country was in hard time. He expressed the hope that Burundi and China would further advance economic and trade cooperation.

Wu Yi thanked the Burundi government and people for their support to China in international affairs. She said that both China and Burundi face the same task of developing economies, therefore, they should respect and trust each other and develop economic and trade cooperation on the basis of mutual benefit.

China will try its best to help Burundi in reviving and developing national economy, she added.

Mayugi also presented Wu Yi a letter from Burundi Prime Minister Anatole Kanyenkiko [name as received] to Chinese Premier Li Peng.



### Political & Social

**PRC: Tibet Higher Court President on Crackdown**  
*OW1007041596 Lhasa XIZANG RIBAO in Chinese*  
17 Jun 96 p 3

[Article by Bai Zhao, president of the Tibet Regional Higher People's Court: "Give Full Play to the Functions and Role of Trial, Unfold the 'Strike-Hard' Struggle in a Deep-Going Manner"]

[FBIS Translated Text] A struggle to rigorously crack down on active crimes of sabotage by separatists and on serious criminal activities is being unfolded in this region like a raging fire. At present, in compliance with the unified arrangement and specific demands of the regional party committee and in close coordination with public security and procuratorial organizations, people's courts at various levels and all cadres and policemen are bound by a common hatred for the enemy and going all out to fight against serious criminals, reactionaries, and saboteurs who are dead set on following the Dalai Lama, and who vainly attempt to split the motherland, oppose socialism and the leadership of the CPC, and boldly commit serious crimes.

#### **1. Unify Our Thinking, Heighten Our Understanding, and Plunge Into the 'Strikehard' Struggle With Full Political Enthusiasm**

Organizing the "strike-hard" struggle is an important decision made by the party Central Committee. It is to meet the urgent need of solving the current conspicuous problem of disorder, vigorously crack down on flagrant and serious criminal activities, effectively protect the peaceful life and happy working conditions of the people and maintaining social order and stability. We should fully whip up the enthusiasm of all sectors, and smoothly promote reform, opening up, and the modernization drive. This is an important guarantee for achieving the goals of the Ninth Five-Year Plan for National Economic and Social Development and the Long-Range Target for the Year 2010. We should study the important instructions of the party Central Committee on unfolding the "strike-hard" struggle, and unfold the struggle to seriously crack down on active crimes of sabotage by separatists and other serious criminal activities in light of the actual situation in this region. The struggle is to meet the objective and urgent need of implementing the guidelines of the party Central Committee, safeguarding the unification of the motherland, consolidating our achievements in the struggle against splittism, ensuring the speedy development of economy in this region and further strengthening our frontier defense. **(1) In order to safeguard the unification of the motherland and smash the Dalai clique's splittist and sabotage activities, we must launch the "strike-hard" strug-**

**gle.** Our region is on the front line of struggle against splittism, and so our principal political responsibility is to safeguard the unification and social stability of the motherland. For many years, the Western anti-China forces have maintained their desire to destroy us. They have resorted to the tactics of Westernizing and dividing us, making political infiltration, encouraging the Dalai clique to plot and instigate disorder in our region, and have vainly attempted to internationalize the Tibet issue. After the failure of their schemes to split the motherland, the Dalai clique took desperate measures and frenziedly instigated separatists to carry out sabotage activities. The Dalai clique's criminal activities and death-bed strife have once again exposed that the Dalai Lama is the chieftain of the splittist political clique which attempts to seek Tibet's independence, a faithful tool of international anti-China forces, the biggest obstacle to establishing a normal order for Tibetan Buddhism, and the root cause of bringing harm to Tibet and Tibetan religion and creating social disorder in Tibet. In light of the new situation and characteristics of the struggle against splittism, we must, through unfolding the "strike-hard" struggle, concentrate our crack forces and consider our primary task as preventing and fighting the sabotage of hostile forces. We must be thorough in exterminating evil, deal telling blows to reactionaries and saboteurs who dare to openly create troubles and engage in splittist activities, and totally crush the Dalai clique's political scheme of splitting the motherland. **(2) In order to deepen reform, open up wider, promote development, and maintain stability, we must launch the "strike-hard" struggle.** To adhere to the party's basic line and principles, we must dialectically understand and scientifically handle the relations among reform, development and stability. Reform is the motive force, development is the goal, and stability is the foundation. Stability is related to the success or failure of reform and establishes the foundation to achieve development. The three things are interrelated and promote one another. Under the new situation, we should achieve breakthroughs in key and difficult issues of reform and pay attention to raising quality and efficiency and to improving the growth mode in development. Stability is facing a new situation, a new task, and a higher demand with the change in the pattern of benefit distribution and social relations. If the situation in society is unstable, we cannot deepen the reform work and will not be able to promote development. If we follow the road of the legal system, rule the country according to law, administer Tibet in accordance with the law, and protect social stability according to the law, we will have a good social environment for reform and can achieve good social benefits in development. Unfolding the "strike-hard" struggle and punishing lawbreakers will play a

positive role and have a profound influence on educating the masses, implementing various measures for the comprehensive improvement of social order, promoting the legal system and protecting social stability. **(3) In order to improve public order in society to satisfy the wishes of the people, we must unfold the "strike-hard" struggle.** At present, we see social stability, economic development, a strong frontier defense, people's living and working in peace, and generally good public security. However, we must also soberly recognize that, in recent years, the number of various kinds of criminal cases handled by courts in this region has been increasing; there are more major and serious cases of murder, robbery, assault, rape, bombing, and illegal possession of firearms; the number of major theft cases is still high; drug trafficking, kidnapping of women and children for sale, prostitution, and other evil things still exist despite repeated efforts to crack down on them; and the crimes are being committed by criminal gangs. Some lawbreakers have seriously endangered social security, used more cruel and wicked methods in committing crimes and become more arrogant. Their harm to society has increased. Meanwhile, criminal activities that endanger state security have become more complicated. The people strongly and bitterly expressed their hate for those crimes. Punishing a number of lawbreakers who have committed heinous crimes is the desire of the people. If we do not sentence those criminals to death or punish them heavily, we cannot calm the people and ease their detestation, cannot ameliorate the situation of disorder in some localities, and cannot maintain the prestige of the party and government among the masses. **(4) In order to develop and build Tibet and achieve the grand trans-century goals, we must unfold the "strike-hard" struggle.** From now to the year 2010 will be a trans-century period of 15 years and a crucial historical period for the development of China's socialist cause. Doing a good job during this period will have an extremely important bearing on our country's economic development and social progress and even on the future and fate of our party and country. The "Outline of the Tibet Autonomous Region's Ninth Five-Year National Economic and Social Development Plan and Long-Term Target for the Year 2010" recently adopted by the fourth session of the sixth regional people's congress have revealed a beautiful future for the modernization of the Tibetan plateau, expressed the lofty ambitions of people of all ethnic groups in Tibet for developing and revitalizing the region, and played the magnificent symphonic movement that Tibet's development will converge with that of other parts of the country. The Dalai clique, however, will not accept its defeat and stop plotting to undermine Tibet's prosperity and development, nor will criminals of all descriptions stop their evil schemes. Thus, to bring

about a sustained, steady, and healthy development of Tibet's modernization drive, we must use our iron fist to crush the Dalai clique's sabotage scheme and effectively halt all forms of crime so that we can mobilize all positive factors by creating a stable and peaceful social environment and ensure a good start for the Ninth Five-Year Plan and the long-term target with powerful judicial support. **(5) To pay attention to political work, we must militantly and consciously throw ourselves into the "strike-hard" struggle.** Safeguarding social stability and order as required by the "strike-hard" guidelines laid down by the party Central Committee and the regional party committee is a political responsibility that people's courts must discharge. Whether or not we are able to respond to the call and throw ourselves into this struggle with a high sense of responsibility and mission is an expression of whether people's courts in Tibet have the mass viewpoint and pay attention to politics, an important indicator of whether we maintain a high degree of unity with the party Central Committee and the regional party committee, and an important basis to judge whether our police officers have a correct political orientation, stand, and viewpoint; have sharp political perception and acumen; and strictly abide by political discipline. People's courts, as the state's adjudicatory organs, wield the final power of punishing criminal elements. In this sense, the intensification of the "strike-hard" struggle depends largely on the intensity of the punishments that people's courts mete out to the criminal elements. This being the case, the decisive role that people's courts play in the "strike-hard" struggle is irreplaceable by any other organ. Only when we fully understand the importance, urgency, and necessity of the "strike-hard" struggle, correctly understand the "strike-hard" guidelines laid down by the party Central Committee and the regional party committee and use these guidelines to guide our adjudication can we give full scope to our role in rebuffing crime and protecting the people, and can we ensure the intensity of the "strike-hard" struggle and truly accomplish the "strike-hard" struggle as a political mission in discharging our adjudicatory responsibilities.

## **2. We Must Provide Stronger Leadership, Plan Carefully, and Make Painstaking Efforts in Organizing the "Strike-Hard" Struggle**

Ever since our region began its "strike-hard" struggle, and after the Lhasa Municipal Intermediate Court publicly pronounced its verdicts on criminals, the Xigaze and Shannan Prefectural Intermediate People's Courts also launched powerful offensives by punishing a large number of felons who had seriously jeopardized social order. The intermediate courts of other prefectures also quickened their adjudication during the collective crack-



down. We can say that, for the sake of not lagging behind in adjudication, and to make sure that our adjudication will not hinder the "strike-hard" struggle, all people's courts and police officers in Tibet have firmly, accurately, and relentlessly rebuffed the criminal elements, doing so with the spirit of holding themselves responsible to the party, the people, society and the law throughout the process — from understanding the necessity to crack down on crime with determination, and from taking actions to achieving results. Because we have discharged our responsibilities, we have won the trust and support of the masses.

(1) We planned carefully. After the party Central Committee and the regional party committee decided to launch the "strike-hard" struggle, the regional higher people's court, acting in accordance with the Supreme People's Court's specific requirements, immediately notified all prefectural (city) intermediate courts on "accomplishing the 'strike-hard' struggle and ensuring social stability in accordance with the central leading authorities' instructions," and worked out plans for people's courts at all levels to take part in the struggle. We required them to do the following: First, heighten their understanding, accomplish all assignments, and consider the struggle a priority assignment to accomplish. Second, court leaders must take personal charge, draw up "strike-hard" plans, organize their implementation, and strengthen their leadership over the struggle. Third, set crackdown priorities, increase crackdown intensity, and punish all archcriminals strictly and promptly. Fourth, readjust the force of adjudicators so that all "strike-hard" cases will be accepted, adjudicated, and completed efficiently; and so that all collective crackdown moves will proceed according to plan. Fifth, enforce the law strictly to make sure that the adjudication of all "strike-hard" cases can pass the inspection of history, the law, and the public. Sixth, work in close coordination with public security and procuratorial authorities so as to give play to their functions of being the main force in the "strike-hard" struggle.

(2) We acted expeditiously. We have transformed improved common understandings into unified actions that were initiated by the relevant personnel themselves. Courts, cadres, and policemen across Tibet swiftly and resolutely made their moves on receiving relevant reports. Under the leadership of relevant local party committees, various intermediate courts have formed leading organs and operational organizations for the "strike-hard" struggle, formulated action plans involving concerted efforts from various sectors, and allocated competent personnel to form units that would try major and important cases. They would not wait idly or delay cases, but worked fast. They screened and expedited

cases that were under litigation proceedings in courts; and selected and tried typical cases so as to create conditions and make proper preparations for Tibet to expeditiously launch the "strike-hard" struggle.

(3) We promptly tried and concluded cases. The "strike-hard" struggle involves politics and is an order to us. To ensure that crackdown cases can be rapidly tried and concluded, the broad masses of cadres and policemen stopped taking leave and holidays, worked overtime, and performed 24-hour work schedules. When handling some major and important cases that had adverse impacts and that attracted the attention of society, we took from three to seven days to try and conclude them. The autonomous regional higher people's court has also changed its previous methods whereby it would wait to handle and try cases of secondary importance and to review death sentence penalties. It made prior arrangements to investigate and understand the handling and trials of major and important cases in various prefectural and city intermediate courts so that it would have prior knowledge of the cases. The autonomous regional higher people's court would also involve itself with cases that might incur death sentences: Before a relevant court that handled the cases of first instance concluded and meted out the verdict, the regional higher people's court would organize and send out judges to the court to make proper preparations for procedures of second instance or for reviewing proceedings. For example, in handling procedures of second instance and reviewing proceedings for some major and important cases that had adverse impacts in Xigaze Prefecture, the regional higher people's court judicial personnel handling procedures of second instance (and reviewing proceedings) arrived in Xigaze Prefecture before the relevant court that handled the cases of first instance concluded and meted out the verdict. The judicial personnel urgently read all relevant files and familiarized themselves with the cases. After the Xigaze Prefectural Intermediate People's Court read out its verdicts after 2000 in the evening, judicial personnel from the autonomous regional higher people's court immediately began procedures of second instance and reviewing proceedings. They interrogated the defendants throughout the night, and earnestly examined every detail and evidence. Because of unified coordination and common understandings between the higher and intermediate people's courts, it took only 10 days for the two courts to pass out verdicts of first instance, to review the verdicts, to mete out verdicts of second instance reaffirming the previous verdicts, and to execute by gunshots the several criminals who committed extremely serious crimes.

(4) We stressed major cases. While making concerted efforts to carry out the "strike-hard" struggle in accor-

dance with the requirements of the autonomous regional party committee, we paid very close attention to fulfilling key tasks of the struggle. When reviewing cases that have been given verdicts, we noticed that all the criminals who received death sentences were killers, robbers, bombing-related culprits, major thieves, or rapists. The above criminals committed illegal activities and extremely serious offenses. If we did not execute them, the people would be dissatisfied and angry. The severe penalty meted out to them signified the pride of the legal system, the appeal of righteousness, and the wishes of the people.

(5) We created a powerful and dynamic momentum. Courts at various levels across Tibet made concerted efforts for the first time to facilitate the crackdown drive. Courts in Lhasa City, Xigaze Prefecture, and Shannan Prefecture have basically carried out the drive simultaneously. Over 100,000 people personally attended public sentencing rallies. We can say that such extensive scope of the drive, such a powerful and dynamic momentum created in the drive, and such a large number of criminal offenders who were punished in the drive were all unprecedented in recent years. When Xigaze Prefecture was holding public sentencing rallies, not only organs directly under Xigaze Prefecture and various cities and urban residents attended as observers, but representatives from the masses of peasants and herdsmen from Kangmar, Gyangze, Tingri, Namling, Xaitongmoin, and Lhaze also attended as observers. To enlarge social effects of the crackdown drive, we have held news conferences and issued televised speeches to report to various social circles the crackdown drive's situation, and to mobilize and urge the masses of people to support and join in the crackdown drive.

(6) The masses of people were happy. Through concerted efforts, our crackdown drive frightened criminals and encouraged the masses. Various social circles were generally happy. They felt that the "strike-hard" struggle has been carried out in earnest. Many people asked: Do good people really fear bad people? Or is it the way round? Facts about the "strike-hard" struggle fully showed that so long as the central authorities have been determined; public security, procuratorial, and judicial personnel used iron fists; and the masses of people given support, all criminal elements would become unpopular mice that would be attacked from all angles while crossing the streets.

### **3. We Must Remain Sober, Fight Successive Battles, and Further Expand the Result of the "Strike-Hard" Struggle**

Since the launching of the current "strike-hard" struggle, the courts in our region, under the leadership of

party committees at various levels, have concentrated on severely punishing a number of criminal offenders who seriously endanger state security and social order. Although we have achieved some success, we must see clearly that the work we have done and the achievements we have made are still short of the party's requirements and the people's expectations. As we still have many arduous tasks to do, we must remain sober. While enhancing our understanding of the importance of the "strike-hard" struggle, we must also understand its arduousness and complexity, make persistent efforts, and strike hard at the criminal offenders more militantly and more intensively. **(1) We must clearly understand the guiding thought and main task of the "strike-hard" struggle and the focus on cracking down on the active sabotage and serious criminal activities of separatists.** Under the direct leadership of party committees and governments at all levels, we should rely on the people of all nationalities in the region, speedily crack a number of major criminal cases, arrest a number of criminal offenders, destroy a number of criminal gangs, severely punish a number of major criminals, resolutely deflate the arrogance of criminal elements, and effectively safeguard normal public security and order. In accordance with this guiding thought, the courts of various levels in our region must, when trying cases, make full use of the penalty for criminal offenses in order to severely crack down on active sabotage activities — such as bombings, murder, beating people, smashing property, and looting, and arson — created by separatists; severely crack down on violent crimes involving murder, robbery, rape, and guns; severely crack down on crimes of smuggling, stealing, manufacturing, selling, and secretly storing firearms and ammunition and explosives; severely crack down on crimes of frequent theft that seriously endanger society; and severely crack down on crimes by hooligans and organized underground criminal elements. We must band together and put a stop to social vices such as prostitution, manufacture and sale of pornography, drug abuse, drug trafficking, and gambling; and make vigorous efforts to solve the problem of public order which the masses have strongly criticized. In the next phase of the "strike-hard" struggle, we must grasp firmly the focus of our crackdown, continue to organize people to handle cases, select typical criminal cases as examples, and arrange people to concentrate on cracking down on crimes, so as to carry out all tasks in the "strike-hard" struggle. **(2) We must adhere to the principle of promptly meting out severe punishment according to law and maintain the intensity of the "strike-hard" struggle.** In this struggle, we must raise the momentum and create a healthy trend so that the masses will have confidence in and look forward to a better public order. We must promptly mete



out severe punishment according to law and intensify efforts to crack down on crimes. In trying cases, we must adhere to two basic principles — do not get bogged down in minor details so long as the facts about the crime are clear and the evidence of the crime is conclusive. In dealing with major criminal cases which are very harmful, which produce a great impact, and about which the masses are concerned, we should take the initiative to contact relevant departments, get involved early, get acquainted with the cases, make preparations for trying the cases, strive to gain the initiative from a passive position, and ensure that criminal cases in the "strike-hard" struggle are speedily tried and concluded according to legal procedures. In meting out penalties, we must strictly carry out policies and laws and increase the intensity of the "strike-hard" struggle. Severe punishment must be meted out according to law to those who deserve it; death sentences must be meted out according to law to those who deserve them. We must never be soft-hearted. In dealing with those who have committed light crimes which pose no great harm to society and in dealing with those who have taken the initiative to surrender themselves to authorities, we should act according to policies and handle them with leniency according to law. (3) **We must strictly enforce laws, handle criminal cases according to law, and ensure the quality in trying criminal cases.** Strictly enforcing laws and handling criminal cases according to law are basic requirements in trying cases and are also the guarantee for hitting the real target in the "strike-hard" struggle and for ensuring its healthy development. To ensure that every case is handled successfully, all trying judges must stress politics, enhance their sense of mission and sense of responsibility and guarantee quality and efficiency with responsibility. In trying cases, they must pay attention to facts, evidence, procedures, the nature of offense, and the measurement of penalty, and make sure that the facts are clear, the evidence is sufficient, the nature of the offense is accurate, the measurement of penalty is appropriate, and the procedures are legitimate. We must enforce laws in a civilized way and make full use of legal weapons to severely punish criminal offenders; we must handle cases impartially and severely punish law-enforcement officials who violate laws and punish handlers of criminal cases who bend the law for personal gain. (4) **We must do a good job in propaganda and encourage and mobilize the masses to support and participate in the "strike-hard" struggle.** Extensively launching propaganda work and calling on and mobilizing the masses to participate in the effort of wiping out criminals constitutes the basis for our winning total victory in the "strike-hard" struggle. The courts at all levels must make use of favorable conditions — such as trials, public pronouncement of

verdicts, and concentrated crackdown activities — in a planned and purposeful way so as to show their determination to punish criminals and enhance people's confidence and courage in struggling against criminals. We must call on the masses to report and expose criminal elements and promptly commend units and individuals that have made outstanding contributions. We must be resolute in cracking down on those who attempt to retaliate against crime informants by framing them. We should encourage criminals to surrender to authorities. We should also commend and award meritorious personnel who promote propaganda with trials and who promote the crime crackdown with propaganda in the "strike-hard" struggle.

**PRC: Dissident Accused of Revealing State Secrets**  
*OW1007064096 Hong Kong AFP in English*  
*0608 GMT 10 Jul 96*

[FBIS Transcribed Text] Beijing, July 10 (AFP) — Chinese dissident Li Hai has been put on trial accused of revealing state secrets, sources said Wednesday, as the families of three other activists expressed concern over their treatment.

Li, 42, is also accused of sending money received from New York-based Human Rights in China to the families of dissidents who are in prison, the sources indicated.

Li's father confirmed his son was arrested on May 31, 1995 — just before the anniversary of the June 4 Tiananmen square massacre — and put on trial exactly one year later. "We were not allowed to attend the trial and don't know where he is," he said.

The dissident sources said "judgement was suspended" in Li's case and the detainee was still awaiting sentencing.

A charge of "revealing state secrets" can be widely applied to anyone who reveals any political, military or economic information that has not been officially published.

In March 1994, Hong Kong journalist Xi Yang was sentenced to 12 years in jail for spying and revealing state secrets, which included unpublished financial information and policy decisions on bank rates.

Meanwhile the wife of labor activist Liu Nianchun said Wednesday her husband had been sentenced to three years' "re-education through labor" in Shuanghe labor camp in remote northeastern Heilongjiang province.

Chu Halian said she is regularly followed by Public Security Bureau officers when she goes shopping or to visit friends.

Liu, 48, signed a petition in May 1995 demanding the government stop police interrogations, close labor camps and release all political prisoners. His whereabouts were unknown until last week, when Chu was told he had been moved from Tuanhe labor camp near Beijing.

According to Human Rights in China, another dissident, Xiao Biguang, 34, was recently sentenced to three years' re-education through labor — an administrative sentence police can impose without recourse to a trial.

In a faxed statement, the human rights watchdog said Xiao, a Christian activist and teacher of comparative literature at Beijing University, had not been heard from since his arrest on April 12, 1994.

The statement also highlighted the cases of two other dissidents, Chen Longde and Wang Donghai, who have not been heard from since being detained on May 28 in the eastern town of Hangzhou.

Wang's father, a retired cadre, said police three times asked him to give them some personal belongings to be passed on to his son, "but we have not been allowed to see him or talk to him since his arrest and we have not received any letter.

"We have asked the police many times about him, but they seem embarrassed to answer. My son has done nothing that warrants him being detained or sentenced. According to the Chinese constitution he has done nothing wrong," he added.

#### **PRC: Officials on Amended Criminal Procedure Law**

*OW0907141396 Beijing LIAOWANG in Chinese  
20 May 96 No 21, pp 10-13*

["Special Interview" by staff reporter: "Principal Officials From Public Security, Procuratorate, Legal and Judicial Departments on the Amended Criminal Procedural Law"]

[PTS Translated Text for FBIS] The "Decision Concerning the Amendment of the 'Criminal Procedural Law of the People's Republic of China'," which was adopted at the Fourth Session of the Eighth National People's Congress, is the first systematic and comprehensive amendment of the Criminal Procedural Law since it was first promulgated 16 years ago. What new ideas has this amended law brought to us? What message do the amendments convey to law-enforcing personnel and every citizen? How will relevant departments put these amendments into effect? With all these questions, this reporter talked to Tao Siju, minister of Public Security; Zhang Qiong, deputy procurator general of the Supreme People's Procuratorate; Liu Jiachen, vice pres-

ident of the Supreme People's Court; and Xiao Yang, minister of Justice.

#### **Tao Siju: It Is Important To Handle Cases in Strict Accordance With the Law, Dealing Heavy Blows at Crimes More Accurately and Effectively**

The recent amendment of the Criminal Procedural Law has given full consideration to the needs of judicial practice; and will prove a greater help to public security organs in their efforts to accurately and promptly ascertain the facts of crimes and make correct use of the law to punish lawbreakers. For example, a number of coercive measures, such as detention and arrest, have been further standardized. The system of investigation under detention has been abolished, and conditions for arrests have been further relaxed. Stipulations have been made that with conclusive evidence, we can put under arrest those who are likely to be given sentence of imprisonment or subjected to more severe punishment. This includes criminal suspects, the accused, and those who prove to be dangerous to society while awaiting trial on bail or under house arrest. We can also detain in advance criminals caught in, before, or immediately after their criminal act as well as major suspects of crimes, who give no real name, address, or true identity and who flee here and there to commit offenses, commit offenses repeatedly, or engage in gang criminal activities. On the issue of awaiting trial on bail out of custody, the guarantee can be made either by a guarantor or by payment of bail. As regards supervision of residence, there existed the problem in the past that supervision of residence tended to become unattended supervision or covert house arrest; now we have the stipulation that people in question "are not allowed to leave their residence without permission, and those without a permanent residence are not allowed to leave their designated residence without permission."

In addition, the amended law has also granted a necessary extension to the detention period, with a view to ensuring sufficient time for the investigation of the facts of crimes. As concerns criminal suspects who give no real name, address, or true identity, the detention period will start from the day when their true identity is clarified. During the period of case investigation, if criminal suspects are discovered to be involved in other major crimes, the period of investigation under custody should restart from the day of discovery; and as regards criminal suspects who are likely to be sentenced to imprisonment of no more than 10 years or subjected to more severe punishment, if investigations of their cases cannot be concluded even at the expiration of a stipulated extension period, the duration of their detention can be extended for two more months upon approval or



decision of the people's procuratorates at the provincial, autonomous regional, and municipal level.

Meanwhile, the amended law has also added a new stipulation that public security organs and people's procuratorates can inquire about and freeze as stipulated the deposits and remittance of criminal suspects, thus contributing to our efforts in making thorough investigation of criminal cases and ordering the return of stolen money or goods.

Another content not to be ignored in this amendment is the clear definition of the legal status of state security organs in the criminal procedure; and according to the law, state security organs can exercise the same functions and rights as public security organs. This move is beneficial to safeguarding the state security.

This amendment has also abolished the practice of investigation under custody, which is an administrative coercive measure adopted by public security organs in their effort to crack down on lawbreakers fleeing from place to place to commit crimes and to maintain the public order according to relevant administrative laws and regulations of the State Council under a situation wherein criminal offenses were becoming increasingly complicated, public security was worsening, and criminal coercive measures were yet to be perfected. This measure used to play an important role in promptly clarifying the facts of crimes and, in particular, the identity of criminals who flee here and there to commit offenses. However, the practice of investigation under custody needs more perfect legal stipulations. Its detention period was relatively longer, and it lacked a mechanism of supervision and restriction. These were all in violation of the relevant stipulations of the Criminal Procedural Law and proved unfavorable in protecting the legitimate rights and interests of citizens according to the law. The amended Criminal Procedural Law has incorporated some contents of investigation under custody, which are needed by the practical anti-criminal struggle, into criminal coercive measures instead of administrative coercive measures, with a view to better protecting the personal rights of citizens and reinforcing the building of democracy and the legal system. This is an absolutely correct move. The abolishment of investigation under custody as a means will probably bring temporary inconvenience to the case-investigating work of public security organs. Yet so long as we can study and master the use of all stipulations in the Criminal Procedural Law comprehensively and in a thoroughgoing way, including the measures of awaiting trial on bail and supervision of residence, we can protect the legitimate rights and interests of our citizens more effectively without exerting any unfavorable impact on the social order.

### **Zhang Qiong: It is Necessary to Clearly Define and Reinforce the Role of Judicial Supervision**

The amended Criminal Procedural Law has further defined the functions and roles of all judicial organs in line with the principle of working in cooperation with a due division of labor, mutual restriction, and mutual coordination.

Judging from the corruption and embezzlement cases put on file for investigation and prosecution by procuratorates across the country last year, the task of cracking down on and punishing the crimes committed by state functionaries remains extremely arduous. The recent amendment has made adjustments on the scope of cases to be directly put on file for investigation and prosecution by people's procuratorates, which is mainly restricted to the offenses committed by power-abusing state functionaries, including the offense of corruption and embezzlement; the offense of dereliction of duty committed by state functionaries; offenses of illegal detention, extortion of a confession by torture, retaliatory frame-up, illegal search, and infringement upon the personal rights and democratic rights of citizens. Cases within the aforementioned scope will be put on file for investigation and prosecution by people's procuratorates. Such a stipulation can help procuratorial organs concentrate their attention on the investigation and handling of such offenses as corruption, embezzlement, and dereliction of duty among state functionaries, and step up the struggle against corruption. Meanwhile, by entrusting procuratorial organs with the right to directly investigate and handle other major criminal cases committed by power-abusing state personnel, state functionaries will be subjected to punishment for their wrongdoing without exception. In particular, the amended law has entrusted people's procuratorates with the right of detention, and has devoted a special section to stipulations on the various investigation measures that can be adopted by people's procuratorates in their direct investigation of criminal cases.

In the past, the masses particularly resented the situation wherein laws were not observed or strictly enforced, lawbreakers were not punished, and law-enforcing personnel were found guilty of law-breaking activities. This was mainly caused by the weak supervision over law enforcement. The amended law has reinforced the supervision over every link of the criminal procedure; perfected the means and ways employed by people's procuratorates for their legal supervision over the criminal procedure; and put forward specific stipulations guiding the supervision over the implementation of coercive measures, over case investigation and prosecution, over counterappeal, abatement from penalty, and release on parole, as well as over the efficacy of these supervisions.



Public security organs should immediately place certain cases on file for investigation and prosecution once notified by procuratorial organs which consider the reasons given by the former untenable. As regards the handling of cases of counterappeal against people's procuratorates, the people's court of second instance should hold hearings on all these cases; and as for cases in which people's procuratorates lodge a counterappeal in accordance with judicial and supervision procedures, the people's court hearing the case should establish another collegiate panel for their retrial; meanwhile, they can instruct people's courts at lower levels to reopen cases in which the original judgment is found to be based on ambiguous facts or insufficient evidence, and should pronounce judgment within a period of three to no more than six months.

In the case that procuratorial organs show disagreement in writing concerning certain cases in which criminals are allowed to serve sentences outside the prison under surveillance, organs which approve the practice should immediately conduct a reassessment of their decision on these cases; and in the case that people's procuratorates show disagreement in writing concerning certain cases in which criminals are released on parole, the people's court concerned should establish another collegiate panel for their retrial within one month's time and hand down the final verdict according to the law. Supervision over the process of criminal proceedings should also be reinforced.

With a view to facilitating a unified and correct implementation of the law, procuratorial organs should set a good example with their own conduct; subject themselves to the supervision of public security organs, people's courts, and litigant participants; ensure the quality of their case handling; and correctly fulfill their functions in legal supervision.

In addition, procuratorial organs should also change their concepts on law enforcement, adapt themselves to the latest developments of the procedural system, and successfully fulfill their procuratorial functions in a comprehensive way. Particularly, they should take steps to enhance the quality of investigation, and improve the level of examination and prosecution as well as the work of supporting public prosecution in court, with a view to adapting themselves to the reform of court hearing procedures.

#### **Liu Jiachen: Efforts Should Be Made to Push the Work of Criminal Justice Onto a New Level**

The amended Criminal Procedural Law is a statute book of criminal justice with Chinese characteristics; its promulgation and implementation mark a huge stride forward China has made in its political, economic,

and social development; and its major amendments and improvements on the forms of criminal trial have set higher and more strict requirements on the work of criminal justice of people's courts.

The new Criminal Procedural Law has once again reiterated the principle that judicial authority is in the hands of people's courts. The accused will all be regarded as "criminal suspects" before they submit to trial; no one shall be assumed guilty without the legal judgment of people's courts; the accused should be acquitted if found not guilty at a hearing according to the law; and in cases where evidence is lacking for a guilty verdict, people's courts should hand down the verdict of not guilty on the grounds that the alleged charges are untenable.

One of the biggest breakthroughs of the recent amendment is the stipulation that criminal trial can follow the prosecution-defense-trial pattern. Fully embodying the special features of the modern criminal procedural system, this stipulation has made China's criminal procedural principles and systems more scientific and standardized and more in line with international practices, ensuring that the country's criminal procedural activities can be conducted in a more democratic, more open, and more just manner.

According to the new procedures of criminal trial, people's courts should decide to hear all cases prosecuted by procuratorial organs so long as the indictment of these cases is proved upon examination to carry both specific charges and corresponding evidence against the alleged crimes. Only a court hearing can determine whether a charge is clear or whether evidence is sufficient. It was the practice in the past that a judge would examine the files of a certain case before the trial and only hold a court if he decided that the accused met the requisites to constitute a crime. Ever since the implementation of the "Decision," however, a judge must decide the tenability of any charges made by the prosecution through court hearings, cross-examination, and debates; moreover, the judge should have no knowledge of anyone who will appear in court as witness or any evidence to be presented to the court respectively by the prosecution and the defense. Through cross-examinations and debates in court, the judge should immediately affirm evidence and distinguish between right and wrong. This requires our judges to have not only rich practical experience in criminal trial; but also the ability to command and organize court hearings, a sound mastery of the law and policies, and a more profound knowledge. Under circumstances wherein a judge finds evidence insufficient upon examination, he should hand down the legal verdict of not guilty on the grounds that the evidence is insufficient and the alleged charges are

untenable. Such a form and outcome of criminal trial is not only a perfection of the traditional form of justice, but also a breakthrough in the traditional concept of criminal trials. This can also help courts resist external interference and independently hold court trials in real terms. Of course, such a practice undoubtedly means a heavier responsibility to both people's courts and judges themselves.

In the past, complaints made by victims in certain criminal cases were sometimes rejected by security and procuratorial organs, thus giving rise to a situation wherein people "had nowhere to go to file a suit"; meanwhile, the problem that those who should be put under arrest, prosecuted, or sentenced to imprisonment were still at large, as well as the malpractice of under-punishment also aroused the great resentment of the masses. The amended law has regarded it as one of its focuses to fully protect the litigious right of victims. Meanwhile, it has expanded the scope of cases handled upon complaint; and people can directly bring an action against "minor criminal cases proved by the victim's evidence," as well as "cases in which public security organs or people's procuratorates decide not to make investigations into the criminal responsibility of the accused whose infringement upon the personal and property rights of others has been proved by evidence and who should have been affixed the criminal responsibility according to the law." This is called the right of direct action. In addition, the victim also enjoys the right of complaint; enjoys the right of dissension concerning the decision of public security organs not to place a certain case on file for investigation and prosecution, as well as the right to give dissenting opinion to people's procuratorates regarding the case; and enjoys the right of airing his views over evidence and the case handling during the process of investigation and prosecution. Meanwhile, during the court investigation period, the victim has the right to state the facts of the alleged crime in the indictment; can put questions to the accused, witnesses, and identifiers; can air his views on the exhibits presented to the court, the transcript of testimony given by witnesses who are unable to appear in court, the identification conclusion provided by identifiers, written records of inquest, and other documents which serve as evidence; can apply with the court for summoning new witnesses to give testimony in court, provide new exhibits, and apply for a re-identification of inquest; can air his views on evidence and facts of the case, and hold debates with the defense. The victim also has the right to apply for filing a counterappeal with people's procuratorates against the verdict of the first hearing; and has the right to present a petition against a valid verdict which has the effect of the law and has been ruled as erroneous. The point

of departure of all these major amendments is to fully protect the legitimate rights and interests of the victim, and ensure that not a single criminal offender can escape criminal responsibility. The realization of this legal aim will mean a drastic increase in the workload of people's courts, and this requires judges to further enhance their senses of responsibility and mission.

The amended Criminal Procedural Law has introduced a new "simple procedure," which proves to be a brand-new pattern for the court hearing of minor criminal cases. According to this simple procedure, only one judicial officer is needed as the judge, who should exercise his right and undertake the responsibility for his decision as to whether the accused is guilty and what punishment the accused should be subjected to. This will mean more strict requirements on the proficiency of judges in the future.

#### **Xiao Yang: A Major Reform of China's Criminal Procedural System**

The recent amendment of the Criminal Procedural Law has fully implemented Comrade Deng Xiaoping's thinking on socialist democracy and the legal system, and has scientifically embodied the dialectical relations between punishment of crimes and protection of citizen's rights. What needs to be specially pointed out is that this amendment conforms to international practices and commonly observed judicial principles; and therefore proves beneficial to a strict enforcement of the law, to protection of human rights, and to our efforts to reinforce our international cooperation and struggle in the fields of jurisdiction and human rights.

Whether or not the accused has the right of defense and whether or not his right of defense is sufficient is the touchstone for judging the degree of democracy of a country's criminal procedural system. The recent major amendments of the criminal defense system can help us protect the legitimate rights and interests of criminal suspects and the accused, and fully embody the principle stipulated in the Constitution that the accused has the right to be defended. According to stipulations in the past, a people's court should notify the accused not later than seven days prior to the court hearing that he was allowed to authorize a lawyer as his defense attorney; however, upon acceptance, the lawyer had to meet the accused and study the files in court within a short period of only one week, and as a result, he did not have enough time to make sufficient preparations for an effective defense. According to new stipulations, however, a criminal suspect has the right to authorize a lawyer for legal aid after the first inquiry or upon being subjected to coercive measures, and the lawyer can meet the suspect in person; a criminal suspect in a



case of public prosecution will start to have the right to authorize his defense attorney from the day when his case is submitted for examination and prosecution; and the accused in a case handled upon complaint has the right to authorize his defender at any time. As for the accused who faces the possibility of a death sentence and who requires no defense, the people's court concerned should designate a lawyer with the obligation of legal aid to defend the accused in court. The law has also stipulated that a legal aid system should be established; and lawyers have the obligation to provide legal aid for the accused who has financial difficulties in a case wherein the public prosecutor institutes proceedings in court, or for cases involving the young, the aged, or the disabled. In addition, the law has also clearly defined the rights of the defending lawyer and other defenders, and increased the responsibility for any breach of law that should be undertaken by defenders. All these amendments have further given expression to the principle of democratizing the criminal procedural system, further reinforced the status and roles of lawyers in criminal proceedings, further aroused the enthusiasm of lawyers in participating in criminal trials, and can help enhance the vocational quality and professional ethics of the ranks of legal workers. The establishment of a legal aid system is of great significance to perfecting the social security system and to bringing about comprehensive progress to society.

The system of penalty execution is one of the major contents of the Criminal Procedural Law. Therefore, the recent amendment has attached sufficient importance to the system, and has made additions and amendments to the system. For example, a clause has been added concerning those who are not allowed to be released on medical parole; the examination and approval procedure concerning medical parole are made more strict; stipulations have been added on executing a sentence outside of prison; the scope of imprisoned criminals and the right of investigation inside the prison have been clearly defined; and stipulations are made that labor reform organs will change their original names and adopt uniform names for prisons.

The new Criminal Procedural Law has set higher requirements on our work, and we should earnestly change our concept on and constantly enhance our level of law enforcement. We should pay close attention to training, gain a comprehensive and accurate mastery of the amended contents of the Criminal Procedural Law, work hard to enhance the professional level of lawyers as well as cadres and officers working in public security departments, comprehensively improve the ability of lawyers to participate in criminal defense, step up legal education, bring up talents in the legal

field, and reinforce the study and research of the new Criminal Procedural Law. As a department in charge of the propaganda and education of the legal system, we should particularly add greater weight to the propagation of the Criminal Procedural Law, and make sure that the vast numbers of citizens know how to use this law to protect themselves, and how to use this law to wage struggle against law-breaking offenses.

**PRC: CPPCC Chairman Li Ruihuan Meets  
Burundi State Secretary**

*OW0907135096 Beijing XINHUA in English  
1241 GMT 9 Jul 96*

[FBIS Transcribed Text] Beijing, July 9 (XINHUA) — Li Ruihuan, Chairman of the National Committee of the Chinese People's Political Consultative Conference, today expressed satisfaction with the development of the Sino-Burundi relations, and hoped for expanding cooperation between the two countries in various ways.

At a meeting with Nicolas Mayugi, state secretary of the Ministry of Foreign Affairs and Cooperation of Burundi, Li said China attached much importance to its links with Burundi, believing relations would develop on the basis of the existing good ties.

Though China and Burundi are separated afar, and each has its own specific conditions, they share or have similar views on major international issues. It is a set policy of the Chinese government to strengthen relations with Burundi and other African countries, as well as all other developing countries. The Chinese government thanked the Burundi government and its people for their support to China on international issues.

"As old friends of Burundi, the Chinese people and the government sincerely wish Burundi to develop its economy and maintain social stability, and hope that the Burundi people under the leadership of the Burundi government, can unite and join their efforts to rebuild their homeland," Li said.

Li also briefed the guests on China's economic and social development, and the ongoing reform and opening to the outside world.

The CPPCC leader said China is confident in solving the existing problems, such as poor agricultural infrastructure, low efficiency of state-owned enterprises, and poor social order in some areas.

Mayugi said he was honored to have met with Chairman Li for the third time. Burundi and China have a deep-rooted friendship which has stood various tests, he said, adding that the Chinese people and government were always on the Burundi side in the most difficult periods.



And in the United Nations, China opposed the armed intervention by foreign power into Burundi's internal affairs, thus maintaining the integrity of sovereignty of Burundi, Mayugi noted. "For this, the Burundi people are sincerely grateful to the Chinese people," he said.

Sharing Li Ruihuan's view on bilateral relations, Mayugi said the friendship between Burundi and China has been developing continuously since the two countries forged links diplomatically in 1962.

Mayugi promised that the Burundi government would always support China in major international issues, and support China's stand in realizing its national reunification.

**PRC: Vice Premier Qian Qichen Meets Hong Kong Entrepreneurs**

OW0907134096 Beijing XINHUA in English  
1307 GMT 9 Jul 96

[FBIS Transcribed Text] Beijing, July 9 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen said in Beijing today that there is every reason to believe that a smooth transition will be realized in Hong Kong.

Meeting a delegation from John Swire and Sons, led by its company group Chairman Sir Adrian Swire, Qian said that the vast majority of Hong Kong residents and entrepreneurs hope to achieve the goal.

"This desire is bound to become true," Qian said.

He said the continuing maintenance of Hong Kong's stability and prosperity conforms not only to the interests of the whole of China, including Hong Kong, but also to the interests of the investors of Britain, and other foreign countries, he said.

Qian expressed his appreciation for the British company's extensive involvement in Hong Kong's business and investment, adding that John Swire and Sons has long taken Hong Kong as its place for business, and established its Swire Pacific headquarters there, showing its positive attitude towards Hong Kong's future.

This will be beneficial not only to the business development of the British company itself, but also to Hong Kong's stability and prosperity, he said.

Qian also noted the cooperative attitude that John Swire and Sons has taken in issues concerning its shares in Dragonair, and the Hong Kong-Taiwan air route, adding: "We appreciate this."

The Vice-Premier stressed that after 1997, China will implement the principle of "one country, two systems" towards Hong Kong. This is not an expedient measure, and the earnest implementation of this principle will

be conducive to keeping Hong Kong's position as an international financial, trade and shipping center.

"John Swire and Sons, and other foreign companies, are welcome to remain in Hong Kong to make fresh contributions to Hong Kong's stability and prosperity," Qian said.

Swire said his company has full confidence in the development of the Chinese mainland and Hong Kong, and will put the stress mainly on Hong Kong and the Chinese mainland in its future business development.

The headquarters of Swire Pacific, a major company under John Swire and Sons, will continue to stay in Hong Kong, he said.

Swire said he was satisfied with the settlement of the two issues, one about its shares in Dragonair, the other about the Hong Kong-Taiwan air route.

Swire noted that John Swire and Sons has a great amount of investment in the construction of the new airport in Hong Kong.

He expressed the belief that after its completion, the new airport will be the best airport in Asia, and a hub of communications in the region.

This will bring good to both Britain and China, he said.

Swire said John Swire and Sons has invested a total of about 700 million U.S. dollars in the Chinese Mainland, used mainly in projects of beverages, paints, sugar refining and container wharfs.

"This shows that we have the confidence in China's future," he said.

**PRC: CPC Strengthens Training of Senior, Intermediate Cadres**

OW0907112596 Beijing XINHUA Domestic Service  
in Chinese 0148 GMT 29 Jun 96

[By reporter Chen Yan]

[FBIS Translated Text] Beijing, 29 Jun (XINHUA) — The CPC Central Committee [CPC CC] Organization Department informed this reporter that under CPC CC attention and guidance, the education and training of party cadres, especially those at senior and intermediate levels, has been comprehensively strengthened and significant progress has been made in institutionalizing cadre education and training.

According to the briefing, since the CPC CC decided to especially set up a training class in the Central Party School for cadres at the provincial and ministerial levels who will take leave from their posts to receive training and education, nearly 1,700 cadres have attended the

class. After the CPC CC issued the "Circular on Establishing and Perfecting the Education System for Leading Cadres at Provincial and Ministerial Levels" in 1989, the CPC CC Organization Department twice, in 1991 and 1993, arranged educating and training plans for central organ cadres to carry out the circular directives. Since the 14th CPC Congress forwarded the strategic mission of arming the party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the CPC CC has taken the initiative in holding four seminars on theories of Volume Three of Deng Xiaoping's Selected Works for 176 leading provincial and ministerial cadres. According to statistics, since 1986, more than 60,000 senior and intermediate cadres have participated in education and training classes in various forms nationwide.

For many years, the CPC CC has been paying great attention to training cadres of core units of provincial and ministerial party committees (organs). In 1989, the CPC CC required provincial and ministerial cadres receive continuing education no less than one half month every year. Since then, the core units of provincial and ministerial party committees (organs) have been closely following the party's regulations and, to carry out the party's policy, extensively established a comprehensive cadre education system that includes self-learning, regular seminars and training sessions, examination of training results, and file keeping on cadre training issues. In training sessions, participants are expected to closely combine Deng Xiaoping's theory of building socialism with Chinese characteristics with the actual situation and working ideology of their departments and regions, focus on key learning points of universal significance, and conduct theoretical discussions on special topics to make the best of these training sessions.

At the same time, to adjust to the new situation of reform, opening up, and establishment of a socialist market economy, senior and intermediate cadres are also required to attend educating and training classes on theories of socialist market economy, modern science and technologies, and theories in their professional fields. These training experiences helped improve the cadres' capability to direct the socialist market economy. In recent years, leading central cadres took the initiative in attending seminars on legal and other kinds of information, more than 350 provincial and ministerial cadres participated in Central Party School-sponsored special seminars on enterprises, agriculture, science and technology, institutional reform, family planning, environmental protection, and national defense strategies. From 1993 to 1995, the CPC CC Organization Department, the State Bureau of Foreign Experts, and XINHUA NEWS AGENCY's Hong Kong Branch jointly

held economic management classes for leading cadres and sent more than 600 leading regional and municipal party and government cadres to other countries or regions for training. In 1993 and 1994, the CPC CC Organization Department and the China Association of Sciences jointly held lectures on modern science and technologies. More than 3,000 cadres working for central party organs and government departments attended these lectures. Over the last five years, almost 700 mayors attended classes of various forms nationwide. Since 1991, nearly 500 leading regional and municipal party and government cadres have participated in training seminars on science and technology, ethnic religions, environmental protection, mining and soil technology, and aid-the-poor work that were sponsored by central party and state organ party committees.

Training and educating senior and intermediate cadres gave an impetus to the education and training of all party cadres. According to incomplete statistics, during the Eighth Five-Year Plan period, the number of cadres at all levels who have participated in training and education nationwide topped 26 million. On average, more than 5.2 million cadres nationwide participated in education and training each year. Among those cadres, more than 2.2 million took a month or more off to attend training.

#### **PRC: Jiang Zemin Meets With Shanghai Jiaotong University Alumni**

OW0907094396 Beijing XINHUA in English  
0909 GMT 9 Jul 96

[FBIS Transcribed Text] Beijing, July 9 (XINHUA) — Chinese President Jiang Zemin met with James S.C. Chao and more than 50 other overseas alumni of Shanghai Jiaotong University, here today.

Jiang welcomed the alumni to commemorative activities during the university's centennial celebrations.

The university has a good tradition and it should continue to educate more people for the nation, while it develops itself into one of the world's great universities, he said.

He also invited alumni working overseas to return often to have a look at their motherland.

Speaking on behalf of the alumni, Chao expressed his happiness about the growing prosperity of the country and the development of the university, saying they would continue to contribute to the country's development.

Liu Huaqiu, director of the Foreign Affairs Office of the State Council, was among those present on the occasion.



**PRC: NPC Standing Committee Session Ends; Qiao Shi Presides**

OW0507112096 Beijing XINHUA Domestic Service  
in Chinese 0522 GMT 5 Jul 96

[By reporters Jia Fenyong (6328 1164 0516) and Liu Siyang (0491 1835 2254)]

[FBIS Translated Text] Beijing, 5 Jul (XINHUA) — The 20th meeting of the Standing Committee of the Eighth National People's Congress [NPC] came to a successful conclusion at the Great Hall of the People this morning after completing all the items on its agenda.

With Chairman Qiao Shi presiding, the session adopted by vote the Auction Law, the Firearms Control Law, and the decision of the NPC Standing Committee on amending the Archive Law. President Jiang Zemin signed presidential decrees Nos. 70, 72, and 71 promulgating the two laws and the NPC Standing Committee decision. In the group deliberations on the draft Law on Energy Conservation, which had been planned to be adopted at the current session, many members raised numerous diverse ideas. After an assessment of the matter at a chairmanship meeting, it was decided not to put the law to a vote at this time and that a revised and more mature draft should be submitted to a future NPC Standing Committee session for deliberation.

Also adopted at today's session was a resolution of the NPC Standing Committee approving the 1995 final budget of the central government and relevant appointments and removals.

Attending the meeting were Vice Chairpersons Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Lei Jieqiong, Li Ximing, Wang Bingqian, Pagbalha Geleg Namgyai, Wang Guangying, Cheng Siyuan, Buhe, Tomur Dawamat, and Wu Jieping, as well as Secretary General Cao Zhi.

State Councillor Chen Junsheng; Ren Jianxin, Supreme People's Court president; and Zhang Siqing, Supreme People's Procuratorate procurator general, attended the meeting as nonvoting delegates.

**PRC: NPC's Ni Zhifu To Head Inspection of Labor Law Enforcement**

OW0507145096 Beijing XINHUA in English  
1400 GMT 5 Jul 96

[FBIS Transcribed Text] Beijing, July 5 (XINHUA) — The country's top legislative body will conduct a large-scale campaign to inspect the enforcement of the Labor Law, a senior Chinese legislator said today — the second anniversary of the enactment of the law.

Inspection tours to be held through the end of this year will cover about half of the provinces, autonomous regions and municipalities in the country, said Ni Zhifu, vice-chairman of the National People's Congress (NPC) Standing Committee.

Ni, who will personally conduct the tours, was speaking today at a national conference on the implementation of the Labor Law in Beijing.

"The inspection is expected to correct the problems of neglect of the law, lax law enforcement and insufficient punishment for illegal activities," Ni said. "It also should educate the public, as well officials and judicial officers, about the law, and enhance their awareness of the necessity to abide by the law and protect their interests by it."

Other officials at this conference said that the Labor Law has been applauded by both employers and employees since it was initiated on July 5, 1994, and went into effect in early 1995. Their approval of the legislation has helped to protect the rights and interests of workers and promote the reform of state-owned enterprises, which creates and maintains harmonious labor relations.

However, the daily lives of some employees are affected by the difficulties of the state-owned enterprises they work for, as some managers regard the protection of their employees' rights and interests as an obstacle to financial profit.

Some enterprises, especially those that are foreign-funded and private, are experiencing more labor disputes with their employees, whose legitimate rights and interests are occasionally threatened, according to officials.

To tackle those problems, the Labor Ministry, the State Commission of Economy and Trade, and the All-China Federation of Trade Unions demanded that localities take effective measures to implement the Labor Law in an all-round and correct way.

**PRC: Minister Addresses Conference on Implementing Labor Law**

OW0507145896 Beijing XINHUA in English  
1440 GMT 5 Jul 96

[FBIS Transcribed Text] Beijing, July 5 (XINHUA) — Nearly nine out of ten Chinese workers have signed labor contracts with their employers, China's Labor Minister said here today.

Addressing the closing session of a national conference on implementing the Labor Law, Li Boyong said some 95.66 million people were employed by enterprises that has implemented the labor contract system by the



end of last May, which accounted for 88.7 percent of enterprises employees nationwide.

It marks the beginning that permanent employment is no longer secured and distribution is based on contribution, said the minister. "And the establishment and adjustment of labor relations have been channeled onto legal tracks."

At the end of 1994, China set the goal of establishing preliminarily a labor contract system nationwide by the end of 1996. Li expected the goal to be accomplished with view to the progress that has been made in this field.

It is reported that state-owned enterprises have made remarkable progress in implementing the labor contract system, which is stipulated by the Labor Law, while it is quite difficult to implement the system in rural enterprises and private businesses.

Labor departments will focus on supervising and speeding up the establishment of the labor contract system in rural enterprises and private businesses in the latter half of this year.

Li Boyong noted that increased management of labor contracts is the first step in implementation of the labor contract system, so as to urge employers and employees to defend their own legal rights and interests by using labor contracts and to maintain a harmonious labor relations between the two parties.

China conducted a nationwide check-up on the employment system of the overseas-funded and private businesses from April to June, and will examine public-owned enterprises, rural enterprises and small private businesses in urban areas, in an effort to ensure the establishment and effective implementation of the labor contract system.

#### **PRC: Wu Bangguo Calls For Speedier Reform of State Enterprises**

OW0507161996 Beijing XINHUA in English  
1547 GMT 5 Jul 96

[FBIS Transcribed Text] Zhengzhou, July 5 (XINHUA) — Vice-Premier Wu Bangguo has called for the speedier reform of the state-owned enterprises in order to improve the quality and efficiency of economic growth.

During an inspection of north China's Henan Province from June 28 to July 5, Wu, who is also a member of the Political Bureau of the Chinese Communist Party Central Committee, visited factories, mines and other industrial enterprises, a hi-tech zone, and scientific

research institutes, and listened to a report from the provincial government.

He noted that the growing number of enterprises that have suspended production are causing significant financial losses, and therefore represent a major problem for the Chinese economy.

The businesses shut down because of inflexible business practices, an unbalanced product mix and deep-rooted management problems, which deserve the attention of authorities at all levels, he said.

Wu called on local officials to be aware of the factors that will be beneficial to state enterprise reform. State-owned enterprises are at the heart of the national economy, and they have been invigorated after more than a decade of reform, he added.

The State Council formulated measures this year to promote state enterprise reform, which has spread from the original 18 pilot cities to 50, he said. Also, he added, banks are helping enterprises merge or declare bankruptcy, and a system for loss reduction and profit increase is in place.

The success of the reform depends mainly on the progress of supporting reforms, such as the separation of the government functions from those of enterprises, acceleration of the establishment of social security system, and the solution to the overburdens of enterprises, Wu said.

#### **PRC: State Council To Upgrade Chongqing to Municipality**

HK0907074996 Hong Kong SING TAO JIH PAO  
in Chinese 7 Jul 96 p A2

[By reporter Yin Yen (1438 1484): "To Facilitate the Progress of Three Gorges Project and Reduce Sichuan's Population Pressure, Chongqing To Be Upgraded To Municipality Directly Under the Central Government"]

[PTS Translated Excerpt for FBIS] A source disclosed that to straighten out the relationship between the Changjiang Three Gorges and its surrounding provinces and municipalities, the State Council has decided to upgrade Chongqing city formerly under Sichuan province from a city specifically designated in the state plan to a municipality of the same grade as Beijing, Tianjin, and Shanghai. Pu Haiqing, secretary of the Sichuan Provincial CPC Committee, will be transferred to the post of secretary of the Chongqing Municipal CPC Committee.

This decision will be announced shortly.

According to briefings, the decision to upgrade Chongqing to a municipality is due to the Three Gorges

project, that is, the need to straighten out the Three Gorges project's relationships with Hubei and Sichuan provinces and with Chongqing city and to ensure that the Three Gorges project is carried out smoothly. In addition, as Sichuan province's population is up to 110 million, after Chongqing city is upgraded to a municipality, more than 20 counties formerly under Sichuan province will be included in Chongqing. It is said that such re-adjustment will help reduce the population pressure on Sichuan. [passages omitted on share prices affected by rumors about Chongqing's upgrade]

**PRC: First Gun Control Law To Take Effect in October**

HK0907043196 Beijing CHINA DAILY in English  
6 Jul 96 p 1

[By Chen Yanni: "State Gets Tough On Gun Control"]

[PTS Transcribed Text for FBIS] Sentences for crimes involving guns will be tougher and arms control tighter when China's first gun control law takes effect on October 1.

The Arms Control Law passed unanimously yesterday at the 20th Session of the Standing Committee of the National People's Congress.

The law specifies over 20 types of crimes and their corresponding punishments, which range as high as the death penalty.

The right to bear arms is considerably more limited under this law than 1981's Regulation on Arms Control.

Now only those entitled to use guns during their official business can carry guns.

Only hunters, herdsman and those engaged in the protection, raising and scientific research of wild animals can own shotguns.

The manufacture and sale of guns and ammunition are now subject to a system of special permits and quotas on manufacturing and sales.

In the past few years, crime involving guns has risen sharply said Luo Feng, vice-minister of Public Security.

The previous gun control regulation is no longer sufficient because of its too lenient sentencing provisions, deficient management measures and inadequate ownership control, he said.

Murders committed with guns armed robbery, and armed confrontation with the police pose a great threat to social order and public security, he said.

The illegal manufacture and sale of guns and ammunition is also rampant, Luo said.

To limit the number of guns in circulation and gun crime, public security organs launch campaigns to confiscate illegal arms every year.

More than 560,000 illegal guns, 1,200 of which are military issue, have been confiscated since this year's nationwide crack-down on criminal activities began at the end of April, Luo said.

During the three months before the law takes effect, public security organs will step up efforts on arms control.

Owners should hand in guns before October 1, or face punishment according to the new law, Luo said, adding that new certificates for legally owned guns will be issued after October.

**PRC: Li Guixian Calls for Curbing Wanton Collection of Fees**

OW0907142296 Beijing XINHUA Domestic Service  
in Chinese 0943 GMT 2 Jul 96

[By RENMIN RIBAO reporter Wang Yantian (3769 1750 3944) and XINHUA reporter Sun Jie (1327 2638)]

[FBIS Translated Text] Beijing, 2 Jul (XINHUA) — Speaking at a meeting on curbing wanton collection of fees and fines in highways around Beijing area today, State Councillor Li Guixian said: All localities must determine to achieve the objective of basically eliminating wanton collection of fees and fines in state and provincial highways within this year. The namelist of the first group of provinces and cities basically eliminating wanton collection of fees and fines in state and provincial highways will be released in September.

Li Guixian said: Remarkable achievements have been made over two years of efforts in screening wanton collection of fees and fines in highways. To fulfill the set objective for this year, we should first of all unify our understanding, particularly the understanding of leading comrades at all levels. Communications and transportation are playing a more and more important role in developing a socialist market economy and screening unauthorized collection of fees and fines in highways is a matter of vital importance to reform, stability, and development. All localities and departments concerned must take overall situation into consideration, overcome local and departmental protectionism, as well as correctly handle the relations between wanton collection of fees and fines and strict management and law enforcement.

Li Guixian emphatically noted: In redressing the wanton collection of fees and fines in the highway, we must have a strong determination and effective measures. The

State Council's stipulations must be strictly observed in enforcing laws on the road and no precedent can be set without authorization. In screening wanton collection of fees and fines, the departments concerned should stress thorough investigation, supervision, and checkup. In the meantime, they should attach importance to and bring into play the mass media's role of expressing public opinion and conducting supervision, and firmly investigate, deal with, and expose to the public any typical violations of rules and wanton collection of fees and fines in the highway; the exemplary deeds of successfully curbing wanton collection of fees and fines should also be publicized vigorously. All localities should also sum up and promote effective measures such as separating the issuance of tickets and collection of fees and fines. In addition, all localities must keep the "green passages" from Shouguang, Shandong to Beijing and from Hainan to Beijing, which will be opened by the end of the year, unobstructed.

In his speech, Xu Qing, deputy secretary of the Commission for Discipline Inspection under the CPC Central Committee and director of the Office for Checking Unhealthy Tendencies in Business Activities under the State Council, said: The nationwide campaign of curbing wanton collection of fees and fines in the highway is proceeding well; currently, the efforts are unabated, the measures are fairly effective, and no precedent has been set in policy. Through efforts of various parties, the recurrence of wanton collection of fees and fines in the highway at the beginning of the year has been brought under control. However, the practices of ignoring the call, going against the rules of conduct, and violating discipline have not been totally stopped. The burden is heavy and the road is long to achieve the objective of basically eliminating wanton collection of fees and fines in state and provincial highways by the end of the year. All localities should by no means become careless and negligent, much less be unrealistically optimistic; they must work harder and exert greater efforts than before. The success or failure of screening wanton collection of fees and fines in the highways of Beijing, Tianjin, Hebei, Shanxi, Liaoning, and Shandong is of vital importance to the whole country, because in these geographically important municipalities and provinces urban areas are densely located and transportation networks are well developed. Provinces and cities around Beijing must take overall situation into consideration, have the sense of responsibility and emergency, launch a high-standard and high-quality campaign, and set a good beginning for the country by taking the lead in basically eliminating wanton collection of fees and fines in state and provincial highways.

Representatives from Beijing, Tianjin, Hebei, Shanxi, Liaoning, and Shandong today briefed the meeting on their ways and relevant plans to screen wanton collection of fees and fines in the highway. Hong Shanxiang, vice minister of communications, and Yang Huanning, assistant minister of public security, represented their respective ministries to make arrangements for further screening the wanton collection of fees and fines by communications and public security sectors.

## Science & Technology

### PRC: Vice Premier Zou Jiahua Meets Canadian Aerospace Visitors

OW0807134596 Beijing XINHUA in English  
1226 GMT 8 Jul 96

[FBIS Transcribed Text] Beijing, July 8 (XINHUA) — Chinese Vice-Premier Zou Jiahua met here today with Colin Watson, president of Canada's Spar Aerospace Limited, and his party.

China and Canada have witnessed a sound development in political, economic and trade fields in recent years, Zou said. The Chinese government welcomes foreign enterprises including Spar Aerospace Limited to do business in China, he added.

Watson said that Spar Aerospace Limited has done business in China for nearly 25 years, and that his company will be still more active in helping China's economic construction.

Spar Aerospace Limited is eager to reinforce its cooperation with China in the fields of remote sensing technology, satellite, and telecommunications in remote areas, he added.

### PRC: Seventeen Optical Fiber Trunk Lines Planned

OW1007073396 Beijing XINHUA in English  
0627 GMT 10 Jul 96

[FBIS Transcribed Text] Beijing, July 10 (XINHUA) — China plans to build 17 optical fiber trunk lines with a total length of 22,000 kilometers over the next five years, Peoples' Post and Telecommunications News reports.

The trunk lines will connect all provincial capitals, and some large and medium-sized cities.

The paper says that China has some 100 optical fiber manufacturers, the best of which are some Sino-foreign funded, state-owned, or domestically cooperative companies.

In 1994, optical fiber cables produced and marketed in China totaled 200,000 km.



The rapid development of optical fiber and urban telephone relay optical fiber networks has played a significant role in boosting the development of China's telecommunications industry.

By the end of this century, very large cities are expected to have a telephone popularization rate of 50 percent, and provincial capitals and coastal open cities to have a 30-40 percent rate.

**PRC: Largest Fiber Optic Cable Plant Begins Production**

OW1007100996 Beijing XINHUA in English  
0952 GMT 10 Jul 96

[FBIS Transcribed Text] Chengdu, July 10 (XINHUA) — Siemens Fibre Optic Cables Ltd. of Chengdu, the largest company of its kind in China, has started production after a year and a half of construction work.

The plant, a joint venture between Siemens AG and Chengdu Fibre Optic Cable Factory, in the capital of Sichuan Province, started with a total investment of 30 million US dollars by both sides.

Located in Chengdu's New and High-Tech Development Zone, the joint venture covers eight hectares of land. It began trial operation in April of this year.

**PRC: 'Magnetic Aerotrain' Development Expected**

OW0407084896 Beijing XINHUA in English  
0832 GMT 4 Jul 96

[FBIS Transcribed Text] Changsha, July 4 (XINHUA) — China is developing its own magnetic aerotrain following the successful development of suspension and steering systems, two key techniques for developing the wheel-less mode of transport.

Experts from National Defense Science and Technology University launched research into the two key technologies in 1991. They have successfully developed suspension controllers, sophisticated electromagnets, magnetic suspension frames and anti-rolling beams.

China has become the sixth country in the world to independently develop magnetic aerotrains.

The aerotrain developed by Chinese experts weighs 6.5 tons and has a carrying capacity of 2.5 tons.

Research on magnetic aerotrains started in the 1980s.

**Military & Public Security**

**PRC: Army Paper Rejects 'China Threat'—Part 1**

HK1007071696 Beijing JIEFANGJUN BAO  
in Chinese 13 Jun 96 pp 1, 3

[Article by Guo Zhengping (6753 3630 1627) and Zhang Lu (1728 6424): "Where Does the Nuclear Threat Come From?—First of a Series of Articles Refuting the 'China Threat Theory'"]

[PTS Translated Text for FBIS] Editor's note: With the aim of containing China and sowing discord between China and its neighbors, the media of some Western nations have in recent years fabricated an imaginary "China threat theory" with ulterior motives. In order to clarify the facts and straighten out public opinion, JIEFANGJUN BAO carried a signed article entitled "Monster of 'Cold War Thinking'" on 3 November last year, refuting the so-called "China threat theory." The article refutes the attack on China by certain Western media from a national defense and military angle. Following its publication, the article was extensively well received by readers. Some readers also advised us to organize more articles to comprehensively refute the so-called "China threat theory," which distorts facts and confuses people's minds. The article "Where Does the Nuclear Threat Come From?" published today is the first of the series of articles. [end editor's note]

For some time, a number of Western nations have distorted the facts and wantonly publicized that China's nuclear tests have menaced regional and world security, and have regarded this as one of their main theories to advocate their so-called "China threat theory." At the same time, those with good intentions and who do not understand the truth have had misgivings about China's nuclear tests. On the question of nuclear tests and weapons, who has actually threatened world peace and tranquility? Let us witness the facts and truth from history to reality.

**Regarding Nuclear Tests, China Has Conducted the Fewest Nuclear Tests and Has Exercised the Most Restraint Among the Five Nuclear Powers**

There are five nations in the world, comprising the United States, Russia, Britain, France, and China, which have declared that they possess nuclear weapons. According to data from the 1995 Yearbook on Armaments, Arms Control, and International Security, published by Sweden's Stockholm Institute for International Peace Studies, the United States has conducted 1,032 nuclear tests, of which 217 were above ground and 815 were underground; Russia (including the former Soviet Union), 715, of which 207 were above ground and 508 were

underground; Britain, 45; France, 197; and China, 43; of which 23 were above ground. The "Bulletin of Energy Scientists" also confirmed the situation of nuclear tests of the five nuclear powers. The journal reported in its joint May-June issue of 1995 that by the end of 1994, the United States, Russia (Soviet Union), Britain, France, and China had respectively conducted 1,030, 715, 45, 192, and 41 nuclear tests. Judging from the aforementioned data, it is not difficult to see that the number of nuclear tests conducted by China is only 4 percent of those conducted by the United States, and is even fewer than the number of nuclear explosions set off by the United States in 1958 alone. This fully shows that China's attitude toward nuclear testing is one of utmost restraint. Although China has always kept the number of nuclear tests to a minimum, it has been accused of threatening world security. Is it not extremely unfair?

It is true that four nuclear powers—the United States, Russia, Britain, and France—have announced a moratorium on nuclear tests. But this should not become a reason for some people to make accusations against and vilify China. Over the past 30-odd years, China has actually suspended nuclear testing on many occasions. China did not conduct any nuclear tests in 1981, 1985, 1986, 1989, or 1991.

It should also be noted that although the United States announced last August that it would stop all tests involving nuclear explosions, it decided to implement an "inventory control plan" and to adopt various measures, including computer-simulated nuclear tests, to ensure the safety and reliability of its nuclear weapons. In terms of practical results, the simulated nuclear tests conducted by the United States are essentially no different from actual nuclear tests.

As a matter of fact, suspension of nuclear tests is merely the means, while comprehensively banning and thoroughly destroying nuclear weapons is the ultimate objective. Only the comprehensive banning of tests, which serves this objective, is truly meaningful. In order to attain this objective, the Chinese Government has made unremitting efforts.

According to the yearbook published by the Stockholm Institute for International Peace Studies, as of January 1995, the United States had 1,134 nuclear weapons and 7,770 nuclear warheads, while Russia had 1,452 nuclear weapons and 8,527 nuclear warheads. According to the yearbook's estimates, China's nuclear warheads are only a small fraction of those of the United States. In terms of quality, the nuclear weapons of the United States and Russia are close to the theoretical design limits thanks to the large numbers of nuclear tests conducted by these

countries. They have developed complete sets of nuclear detonation devices, ranging from those producing very large yields or large yields to those producing medium or small yields, while China's nuclear weapons are relatively backward. And it is common knowledge that China does not belong to any military bloc or alliance and is, therefore, not protected by the "nuclear umbrella" of any country.

In recent years, the United States and Russia have indeed made substantial progress in nuclear disarmament. According to the current treaty, however, the United States will still have more than 3,000 nuclear warheads by 2003. Western scholars calculate that with an average yield of 200,000 tonnes of each warhead, even if the United States retains 2,500 nuclear weapons, the destructive force of its nuclear power will still be 20 times the total yield of explosives used in all wars in the history of mankind. If we say the existence of nuclear weapons has caused concern in the world, then the world's largest and most advanced nuclear arsenal should be the main source of concern.

**China Possesses a Small Number of Nuclear Weapons, and the Purpose of the Very Limited Nuclear Tests Conducted Is for Self-Defense; China's Nuclear Strategy is Defensive**

Recalling the past from a historical viewpoint, China, faced with the real threat of nuclear weapons, was forced to develop such weapons. There is proof that the United States considered using nuclear weapons against China during the Korean War. MacArthur, the then commander-in-chief of the UN forces, threatened on several occasions to drop atomic bombs on northeast China. It was in such an adverse security situation, and faced with such undisguised nuclear blackmail, that the Chinese Government decided to develop nuclear weapons of its own.

China has always adopted an attitude of being responsible and exercising restraint on nuclear tests. China has always advocated a total nuclear-test ban within the framework of the complete prohibition and thorough destruction of nuclear weapons. The Chinese Government believes that a fair, reasonable, and verifiable Comprehensive Test Ban Treaty [CTBT], to which many countries accede and which remains in effect for a long time, will advance the nuclear disarmament process and eventually help achieve the goal of realizing the complete prohibition and thorough destruction of nuclear weapons. For this reason, the Chinese Government announced as early as October 1993 that China favors the conclusion of a CTBT no later than the end of 1996 and promised to stop nuclear testing once the treaty takes effect. Thereafter, the Chinese delegation actively partici-



pated in the CTBT-related negotiations in Geneva. This amply demonstrates the Chinese Government's sincerity on this issue. All those who show respect for facts understand that the current CTBT negotiations could never have happened without the unremitting efforts made by developing countries, including China.

When China successfully conducted its first nuclear test on 16 October 1964, the Chinese Government immediately announced that the purpose of its nuclear development was to break the nuclear monopoly and eventually destroy nuclear weapons. China unilaterally made a solemn commitment that it would never be the first to use nuclear weapons at any time and under any circumstances and that it would never use or threaten to use nuclear weapons against nonnuclear countries and regions. China develops nuclear weapons for self-defense. Meanwhile, China also advocated a comprehensive ban and thorough destruction of nuclear weapons. The Chinese Government consistently upheld the aforementioned position and signed the "Treaty on Banning Nuclear Weapons in Latin America" and the relevant additional protocol of the "Treaty of the South Pacific Nuclear-Free Region." The guarantee for security granted by the Chinese Government to the nonnuclear nations is most comprehensive and reliable. In addition, China also urged the five nuclear powers to unconditionally conclude a treaty on not being the first to use nuclear weapons and reach an agreement on not using nuclear weapons or threatening to use nuclear weapons against nonnuclear countries and regions. Regrettably, some countries did not make a positive response to this proposal.

The current international situation has undergone significant changes from the Cold War era, and China's security situation has also improved greatly. But the world today still has vast nuclear arsenals. A certain country has not abandoned its ambitions of seeking world hegemony. It has not changed its practice of interfering in other countries' internal affairs, even to the point of not hesitating to use force. Its enthusiasm about adopting a policy of nuclear deterrence based on being the first to use nuclear weapons has not diminished a bit. It still makes China one of the targets of its nuclear deterrence. Under such conditions, it is completely justifiable for China to retain a small quantity of nuclear weapons and to conduct an extremely limited number of essential nuclear tests.

China is a developing country that pursues an independent foreign policy of peace. Its central task is to develop its economy. China has always opposed the arms race. It has no intention of joining the arms race, nor is it capable of doing so. China's limited number of nuclear tests and small quantity of nuclear weapons are

entirely for self-defense. They are aimed at safeguarding the supreme interests of the country and people and at preserving regional and world peace. The Chinese people are willing to make their utmost efforts and join the people of the whole world to achieve the lofty aim of a nuclear-free world at an early date.

**It Is Customary Tactics of Superpower To Make an Issue of China's Nuclear Testing To Shift International Attention, Cover Up Its Nuclear Deterrence Strategy, and Monopolize Its Nuclear Superiority**

Regarding China's just position and restraint attitude toward nuclear testing, unbiased people throughout the world have made appropriate comments. Newspapers in Germany, Russia, and other countries carried articles saying that China had historical reasons for conducting its nuclear tests. In conducting nuclear tests, China has not violated international law and its obligations, and its testing does not constitute a threat to other countries. A number of legal experts and officials also believe that China has the right to conduct nuclear tests before the signing of the CTBT. This does not violate international law and international practice. Those aware of the truth should simply disregard the fallacy that China's ongoing nuclear test program blocks progress in the talks on concluding the CTBT. They know that the main obstacle in the talks is that the parties involved have not reached unanimity on the range of the ban, on nuclear inspections, on implementation of the treaty, on the formation of the council, and on the means of verification. All this has nothing to do with China's nuclear tests. People all over the world know that there have been long-standing talks on banning nuclear tests. Progress has been slow over the past decades, and the main reason should be attributed to the superpower that has conducted over 1,000 nuclear tests.

Why, then, have those in the United States, Japan, and other countries totally turned a blind eye and deaf ear to the United States, which has conducted over 1,000 nuclear tests and which is continuing its simulated tests, but made irresponsible remarks and blindly attacked China, which has conducted limited tests? People with good sense clearly know that they want to make an issue of China's nuclear tests to shift international attention, cover up their nuclear deterrence, and monopolize nuclear superiority.

Following the disintegration of the Soviet Union and the end of the "Cold War," the United States faced no real threat. However, there are some people in the United States who cherish "Cold War thinking" and stubbornly stick to the deterrence policy of reserving the right to be the first to use nuclear weapons. These



people have extended the scope of such deterrence from the Soviet Union in the past to nations hostile to the United States and potential opponents worldwide and from passive to active deterrence. Even former U.S. Defense Secretary MacNamara has said that he does not understand the meaning of this move. From the angle of actual combat, he pointed out, the Gulf War has proved that the deterrence policy is not meaningful in checking large-scale regional conflicts. Moreover, there is no sign of a world war in the foreseeable future. From a moral angle, is it not inhuman to regard the people of the world as hostages?

The United States not only wants to maintain its nuclear superiority for a long time but is also working out plans to develop its ballistic missile defense system. The U.S. Government plans to have a ballistic missile defense capacity by the 21st century. What do those gentlemen who have set their sights on China have to say about this move, which apparently violates the spirit of the "Anti-Ballistic Treaty" and which is bound to undermine the process of nuclear disarmament?

It is necessary to mention Japan here. As is known to all, Japan has been most conspicuous in making irresponsible remarks about China's nuclear testing. Last August, Japan froze aid grants to China on the pretext of China's nuclear tests. Recently, Japan again declared that it would continue to freeze grants, which has enormously hurt the Chinese people's feelings. The Japanese war of aggression against China in the 1930's and 1940's resulted in 35 million casualties and losses of over \$500 billion. Out of the long-term consideration of Sino-Japanese friendship, the Chinese Government gave up its requests for war reparation during the establishment of diplomatic ties between the two countries. With the passage of time, the Japanese Government is now trying to play the game of "economic levers." What are they up to? Some Japanese political figures always say that Japan is defending itself because Japan is the only victim of an atomic bomb. They should be aware, however, that the disasters Japan brought to China and other Asian nations during its aggressive war went far beyond the destruction of a city or two. The antinuclear feelings of the Japanese people are understandable. If Japan truly hates nuclear weapons, it should have taken a clear-cut stand to support China's just proposal that nuclear powers should declare that they would not be the first to use nuclear weapons, not use nuclear weapons against nonnuclear countries and regions, and comprehensively ban and thoroughly destroy all nuclear weapons. It is regrettable, however, that Japan has not blamed the nuclear deterrence policy of the United States and has

kept itself under U.S. nuclear protection for a long time. Is this not strange?

The Chinese nation has always been a peace-loving nation. China's nuclear weapons did not, do not, and will not pose a threat to any other country in the world. The real threat to security in today's world comes from those hegemonic powers that fabricate all kinds of excuses to preach the so-called "China threat theory," that attempt to check or even contain other countries, and that readily interfere in other countries' internal affairs.

**PRC: Army Paper Rejects 'China Threat'— Part 2**  
*HK1007080096 Beijing JIEFANGJUN BAO*  
*in Chinese 20 Jun 96 p 5*

[Article by Liu Xinru (0491 2450 4249): "It Is A Contribution But Not A Threat—Second of a Series of Articles Refuting the 'China Threat Theory'"]

[PTS Translated Text for FBIS] To advocate the "China threat theory," some circles in Western public opinion have long used an absurd logic: China has developed its economy and become "too great and powerful," thereby "threatening" to the world and the region. They claim that China's economic growth would cause a "shock" to the entire East Asian and global economies; "with its national strength growing, China will inevitably play an even greater role in its backyard and expand its sphere of influence," and so forth. Obviously, there is an ulterior motive behind such arguments, which basically do not hold water.

Is China's economic growth a contribution to the world or a threat to other countries? Let us take a look at the facts.

**China Has Made Historic Accomplishments in Economic Construction, But Its General Level Remains Comparatively Low. Overestimation of China's Comprehensive National Strength Is Purely Out of Ulterior Motive**

How should we view the actual conditions of China's economic growth? This is an issue that must be clarified first. Beyond doubt, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics in the 17 years since reform and opening up, China has truly made great accomplishments in economic construction. Between 1979 and 1995, China's GDP increased by an average annual rate of 9.9 percent; its comprehensive national strength was definitely greater, with a marked improvement in people's standards of living. Because of its weak and poor foundation in addition to a huge population, however, China is—on the whole—a developing country that has

just crossed the line of having sufficient food and clothing, with its economic growth level remaining comparatively low.

Per capita GDP best reflects a country's general level of development, but China's per capita GDP cannot be compared to that of developed countries, and there is a considerable gap even compared with some developing countries. According to the figures provided in the 1994 World Bank "Report on Development," China ranked 105th among 132 countries and regions. Although in 1994, China's output of coal, cement, grains, cotton, meat, steel, chemical fibers, and generated energy were in world's front rank, based on per capita indexes, China's output of major farm produce, coal, and cement approached or slightly exceeded the world average; its per capita steel output was only half the world per capita output; and its per capita output of crude oil, generated energy, and sugar was less than one-third of the world per capita level, while many other per capita output indexes lagged behind many countries in the world. From the perspective of economic structure and consumption levels, China remains comparatively backward. China is vast in territory, but development in various localities is imbalanced. Even today, 65 million of China's people do not have enough food and clothing. In addition, China faces great pressure in providing food, employment, education, and resources because of population growth. The UN "1994 Report on Human Development" reaffirmed that China is a developing country. We must say that it is an objective assessment.

To achieve modernization, China, as a developing country, shoulders a heavy responsibility and requires long-term unstinting hard work by several generations. Even by the logic of those who have created the "China threat theory," China is far from qualifying as a "threat" to other countries.

Why, then, have some circles in Western public opinion deliberately exaggerated China's economic strength and even included China in the category of developed countries? In the final analysis, first, they want to label China as a "developed country" prematurely to create obstacles for China's entry into the World Trade Organization; and second, they want to create a certain economic "China-phobia" to sow discord in China's relations with other developing countries, especially those near China. In a nutshell, they want to impede the socialist modernization of the Chinese people and prolong the process of China's development as best as they can.

### **China's Rapid Economic Growth Is a Great Contribution to World Peace and Development and Will Never Be A "Threat" to Other Countries**

If China's economy develops and its national strength grows, will it be a "threat" to other countries?

The answer remains no.

Peace and development are the main theme in the international community today. To China, the world's largest developing country, accelerating economic growth is beyond doubt a cause that runs along a historical current. China's social system, its strategy for national development, and the goals of its struggle have determined that China will never be hegemonist or seek expansionism. Proceeding from a principled socialist position, China has always regarded fighting hegemonism and implementing a defensive strategy as the only correct strategy for guaranteeing our own national security. True, there is still a long way to go before China can have a seat among developed countries, but even if its economy develops some day, its peaceful foreign policy characterized by independence and taking the initiative in its own hands will remain unchanged. This has been repeatedly discussed by Chinese leaders of several generations and guaranteed by the state major law — "The Constitution." The 17 years since reform and opening up eloquently testify to the fact that the goals of China's economic development are improving the standards of living of its 1.2 billion people of various nationalities, enhancing the ability of the Chinese nation to stand on its own feet in the world community, and allowing socialist China to make even greater contributions to mankind.

It is precisely for this reason that, at a crucial moment when the decade-long turmoil had just ended, all neglected matters were yet to be dealt with, and all undertakings were yet to be developed, the Third Plenary Session of the 11th CPC Central Committee categorically made the wise decision to shift the focus of work to economic construction and later put forward the strategy of developing the national economy in "three steps."

Precisely for this reason, China has enjoyed the smooth implementation of the Sixth, Seventh, and Eighth Five-Year Plans. China has achieved high economic growth that has caught the world's attention and formulated a great century-straddling blueprint at the beginning of this year.

Precisely for this reason, China's defense building has been firmly subordinated to the overall situation of national economic construction. China succeeded in demobilizing a million troops in the 1980's. In addition, China stuck to belt-tightening and conducted a large-scale conversion of military-oriented enterprises



to civilian production, with the output of enterprises in this category increasing at an average of 20 percent.

Precisely for this reason, the Chinese Government has all along pursued a peaceful foreign policy characterized by independence and taking the initiative in its own hands, based on the principle of negotiations on an equal basis, mutual understanding, and mutual concessions. China resolved many border issues left over from history with many countries, thus creating a peaceful and stable atmosphere in the region.

China's development calls for a peaceful and stable international environment. Only in a peaceful and stable international environment will it be possible to ensure the realization of China's goal of economic construction. The prosperity of the Chinese economy, which accounts for one-fifth of the world's population, is a great contribution to the cause of peace and the development of mankind; by no means is it a "threat." To some people, it seems that the world will enjoy eternal peace only when China remains impoverished and backward. How can such a theory hold water?

We must see that since the end of the Cold War, the interdependence and globalization of the world economy have continued, becoming an irresistible force. Today, China's development is by no means isolated. China needs the world, and vice versa. The economies of China and various countries have increasingly depended on each other and become inseparable with each passing day. Actually, the Chinese economy has already become an important component of the world economy. The stable development of the Chinese economy has already boosted international and regional economic prosperity to various extents. The reform and opening up of China, with its population of 1.2 billion, provided the world with a huge market, more job opportunities, and better chances for resource allocation. As everyone knows, the Asia-Pacific region, which is enjoying the greatest economic growth in the world, has become an important force in the international economy. Some Asian countries have enjoyed a 1-percent increase in GNP because of their economic and trade relations with China alone. For this reason, the leaders of some Asian countries regard China's development as "the locomotive of economic growth in Asia." Likewise, some Western countries have continued to expand trade and investment in China, which they see as a way out of their economic difficulties. They see considerable benefits in seeking greater opportunities for more investment in the Chinese market. The fact that China used \$48.4 billion in foreign investment during 1995 alone, ranking second in the world in absorbing foreign capital, serves as clear evidence of that point. Some wise Western statesmen

also believe that China's prosperity is "good news for all mankind."

In addition, it is imperative to point out that development and stability supplement each other, while poverty is a twin to turmoil, chaos, and social upheaval brought about by war. Is it not true that the "hot spots" in the world today, including the Middle East and Afghanistan, are mostly countries or regions that are relatively poor and backward? As a power in terms of population, the development of China has a great bearing on world peace and stability. China's development over the past dozen or so years has laid a foundation for social stability on its own land; the development and stability of China have, in turn, promoted sound mutually complementary relations in the world economy and have become an important factor for regional and world peace and stability. Just imagine the situation that would have been created if the Chinese economy had failed to develop, with its 1.2 billion people stuck in an underdeveloped state characterized by poverty and backwardness, resulting in internal disorder, chaos, and social upheaval, with large numbers of refugees flowing out the country.

Whether or not a country is a threat to other countries does not depend on whether the former is large or small and powerful or weak, but on the foreign policy it pursues and on whether or not it regards national strength as a means to threaten other countries. Some Western countries have gone through the pattern of "economic growth leading to rising political influence leading to military expansionism," and they believe that a developing China will also adopt the same pattern. Forcing the hegemonist way of thinking and logic of power politics on China is truly absurd.

**The Objective of Advocating the "China Threat Theory" Lies in Containing China's Development, But China's Development Can Never Be Contained by Any Forces**

"Though drunk, they do not really like the wine." Some persons in the West have distorted the facts and advocated the "China threat theory" under the pretext that China has developed relatively fast in recent years. In a nutshell, they really want to contain China's development and deprive China of its right to independence and to make itself strong. From the angle of Western anti-Chinese forces, a developed and powerful socialist China is undoubtedly a grave challenge. They do not want to see an independent China taking the initiative in its own hands, thriving and prosperous, standing rock-solid in the east of the world. When they speak of "threats," what they fear most is that the success of building socialism with Chinese characteristics will "threaten" their hegemonist



position in the new world pattern. A senior official of the U.S. State Department said without reservation: "In the next several decades, China will become increasingly powerful; this being the case, we are pursuing policies to try and contain such a potential threat." In this context, it is easy to see why the United States has created trouble and posed obstacles on a number of issues, including the Taiwan issue, the human rights issue, China's reentry to the GATT, and the most favored nation status in recent years. Nevertheless, they seem to have forgotten that it is simply not feasible to contain China today. Many far-thinking persons across the world have said that trying to contain China is "a great misfortune" for the world and will "bring disastrous consequences."

The policy of containment by some Western powers is not at all new to the Chinese people. Back in the early days of the founding of New China, some countries were pursuing the policy of "containing China," and "blockading China" in a vain attempt to nip New China in the bud. That policy met with shameful bankruptcy, while China made tremendous accomplishments in economic and social development that are universally acknowledged. Today, if some people are determined to go their own way and repeat the same old tricks, that will be no big deal. The sky will not fall. The historical trend is always moving ahead. No force whatsoever can stop the 1.2 billion Chinese people from marching forward.

Facts have eloquently proven that China's economic development is a great contribution to the cause of peace and progress of all mankind, but not a "threat" by any means. The clamor of the so-called "China threat theory" cannot cast any shadow on the brilliance of socialist China, nor can it shake the strong will of the Chinese people to realize the century-straddling magnificent blueprint along the road of building socialism with Chinese characteristics under the leadership of the Central Committee with Comrade Jiang Zemin as its core!

**PRC: Article Refutes 'China Threat Theory'—  
Part 3**

*HK1007072496 Beijing JIEFANGJUN BAO  
in Chinese 27 Jun 96 p 5*

[Article by Gao Jiquan (7559 0679 0356): "China Holds High Banner of Peace—Third of a Series of Articles Refuting the 'China Threat Theory'"]

[PTS Translated Text for FBIS] This date will be remembered in history: 26 April 1996.

A military agreement regarded by the international community as "having epoch-making significance, which will produce a far-reaching influence to peace and sta-

bility in the Asia-Pacific region and the world at large" was signed in Shanghai, China. The heads of state of China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan solemnly declared: The military forces deployed by the countries concerned at the border shall not attack each other; they shall not conduct military exercises aimed at the other; the scope, range, and number of military exercises shall be limited...

Chinese President Jiang Zemin said that the signing of the agreement is the "vivid manifestation of the common desire" of China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan to "become good neighbors, friends, and partners."

The event once again shows to the world: that China does not constitute a "threat" as assumed by a handful of countries with ulterior motives. China will always be the promoter of human peace and progress.

**Since Its Founding, the PRC Has Been Pursuing an Independent Foreign Policy of Peace; China Will Unswervingly Implement This Policy Even When It Has Developed and Become More Powerful**

The so-called "theory of the China threat" has caused great clamor for some time. The advocates have volubly asserted that China threatens world peace. These people do not even have the basic knowledge: Whether a country constitutes a threat to world peace depends on the foreign policy it pursues rather than on its strength. Since its founding, the PRC has been pursuing an independent foreign policy of peace. China consistently stands for expanding cooperative relations with all other countries on the basis of the five principles of mutual respect for sovereignty and territorial integrity, non aggression, non interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. China neither will impose its social system and ideology on other countries nor permit other countries to interfere in its internal affairs. China holds that countries, big or small, strong or weak, and rich or poor, are members of the international community and are equal. China believes the fundamental objective of its foreign policy is to safeguard national independence and sovereignty, advance world peace and development, and oppose power politics and hegemony. Thanks to the implementation of this foreign policy, China has improved and expanded friendly relations with all its neighboring countries and promoted economic, trade, scientific, technological, and cultural exchanges with them on the basis of equality and mutual benefit since the PRC founding 46 years ago. China and other developing nations have sympathized and supported each other in the struggles to safeguard national independence and sovereignty and seek common development. They have also made fre-

quent friendly exchanges. As a permanent member of the UN Security Council, China has taken an active part in managing international affairs and various activities of the United Nations. In handling international affairs, China has consistently adhered to the just stand, upheld justice, and has been playing a major role in peacefully settling international disputes and pushing forward global economic and social development.

People with little international knowledge know that as early as in the 1950s, China led the world in formulating the five principles of peaceful coexistence regarding the handling of relations between various countries, which have now become the norm for international relations. China has spared no efforts to work for the establishment of a new, just, and rational international order. Even in the adverse international environment when the anti-China forces ran rampant during the 1960s, China regularized its action by following Chairman Mao Zedong's call of "digging holes deep, accumulating grain, and never seeking hegemony."

As the core of the second generation of China's leadership collective, Comrade Deng Xiaoping pointed out: "The socialism that China has been pursuing stands for constantly developing social productive forces and peace. Only by constantly developing social productive forces can the country become prosperous step by step and can the people's living standards improve. Only by securing a peaceful environment can we seek a relatively smooth development." At the meeting marking the 50th anniversary of the UN founding in 1995, Chinese President Jiang Zemin, the core of the third generation of Chinese leadership collective, announced the Chinese Government's five propositions on how to further promote mankind's peace and development and jointly create a better world. The first proposition is to "create a secure, reliable international peaceful environment marked by long-term stability." The second is to "strictly stick to the criterion on handling international relations which focuses on sovereignty, equality, and non-interference in each other's internal affairs." The Chinese people aspire for peace and seek development. To strive for a peaceful environment, China is willing to be the vanguard in the cause of human peace by starting from itself: First, China will not form alliances with any other country or any group; second, it will not participate in any military bloc; and third, it will not draw boundaries over ideologies. China has always believed it had a responsibility to oppose hegemony, power politics, and acts of aggression and expansion, and has worked hard to fulfill its responsibility. In spite of the facts, the advocates of the "China threat theory" have wantonly asserted that China "threatens" peace.

Like the cold wind coming out of the gutter, their vicious attacks on China will not damage its dignity.

**The Love for Peace Is at the Root of China's Traditional Culture; the Chinese People Who Have Suffered at the Hands of Foreign Powers Will Not Impose Similar Circumstances on Other People**

The brilliant Chinese civilization traces back to ancient times, of which the word "peace" occupies a prominent position. More than 2,000 years ago, China's ancient philosopher Confucius theorized that "peace is of paramount importance." The mottoes like "a bosom friend from afar brings a distant land near," which speak highly of good neighborly relations, have further revealed the desire of the Chinese nation for peace. Such a spirit is deeply rooted in the soil of the national culture and has established the Chinese nation's temperament of good intentions with others. Chairman Mao Zedong said: "We will not attack unless we are attacked, if we are attacked we will certainly counterattack." In other words, the Chinese nation will not go to war with other nations unless the country faces large-scale invasions from abroad which threaten national security.

History tells people that most of these countries advocating the "China threat theory" had invaded China in the past. Please take a look at the history of contemporary China: During the Opium War in the middle of the 19th century, Western powers launched heavy attacks aimed at dividing China. As a result, the country was destroyed and the people had no means of livelihood, throwing the nation into a semi-feudal and semi-colonial society. For more than a century, generations of Chinese people struggled persistently against foreign invaders to obtain national liberation and independence. In the 1930s, Japanese imperialists mercilessly invaded China, which once again pushed the country into a life-and-death situation. The CPC led the people throughout the nation in a fight for freedom, and it finally overthrew the three big mountains [imperialism, feudalism, and bureaucrat-capitalism] which weighed down on the backs of the Chinese people and won national liberation and independence. The Chinese people eventually stood up!

The Chinese people, who have suffered endless invasions and humiliations from enemies, deeply value independence, freedom, and peace and sympathize with people who have been attacked and oppressed. "Do not unto others do as you would not have them do unto you." How can the Chinese nation, which aspires peace while accustomed to undergoing hardships, "threaten" others? The facts are: There are no records showing China's invasion of other countries or that China stations any soldiers abroad. China's policy of friendly-



neighbor relations not only has helped ensure peace and stability in the Asian-Pacific region, but also promoted economic cooperation in the region, and contributed to world peace and stability.

Western powers made the Chinese people realize that "a backward country is always a target for invasion." Over the past 46 years, the Chinese people have made great efforts to change the country's image. China's current economy has experienced considerable development and the living standard of its 1.2 billion people has improved markedly. However, China remains a developing country with a low standard of living, and its modernization drive will require a long-term peaceful environment. Therefore, the Chinese Government and people greatly value peace and view the safeguarding of peace as a noble responsibility. Those who advocate the "China threat theory" do not know China's national character and national history, and they refuse to open their eyes to see the real China. So how can they make irresponsible remarks and talk volubly with animated gestures?

**People of Insight and Without Prejudice in the World Regard China as an Important Factor for Maintaining World Peace and Regional Stability; the Banner of Peace Is Fluttering in the Hands of the Chinese Government and People**

According to the logic of those who advocate the "China threat theory," since China "threatens" to "fill in the vacuum in Asia," the relations between China and its neighbors will inevitably be tense. What, then, is the actual situation? Dr. Harding, senior research fellow at the U.S. Brookings Institution, said: "China's relations with its Asian neighbors have been better than at any period since 1949." China has close and friendly relations not only with its Asian neighbors, but also with most countries throughout the world. There are 158 countries in the world that have diplomatic relations with China. The heads of state of 38 countries visited China in 1995 alone. There were 369 nongovernmental exchange visits between China and other countries, an average of one a day.

"We have friends all over the world." Friends of the Chinese people, as well as people who have insight, have never regarded China as a "threat" to the world. "China has constituted no threat, either political or military, to Asia. What we worry about is by no means a rich China, but a poor one," said Malaysian Prime Minister Mahathir Mohamad. Many foreign entrepreneurs who have invested in China said that China's rapid economic development has enabled them to do more business and make more money. This is the truth. In an article contributed to KOREAN DAILY NEWS,

No Chae-won, former ROK ambassador to China, said: "The powerful military or economic strength of a country does not in itself constitute a threat. The question is whether the powerful strength will be taken as the means of a threat." "As a permanent member of the UN Security Council, China has the right to speak on maintaining world peace." "The practice of arbitrarily defining China as a threat to the world before making a calm analysis and judgment, and taking a hostile stand against China will only lead to unfortunate consequences." During their visits to China, many military figures from China's neighboring countries also refuted the so-called "China threat theory," and expressed the belief that China is, and will continue to be, a main force in maintaining regional peace and stability.

Even in Western countries, people who have a good understanding of China's diplomatic policy and are willing to respect facts can easily reach the same conclusion. Admiral Dick Macke, commander-in-chief of the Pacific Command of the U.S. Armed Forces, who visited China last year, said: "During my visit to many Asia-Pacific nations, many people asked me whether China constituted a threat. I replied that threat had two meanings, ability and intention. Compared with the surrounding nations, China perhaps has the ability, but absolutely has no intention to threaten the safety of others. This is the crux of the matter. Fundamentally speaking, China is no threat to the world now, and will not be one even when it becomes powerful in the future." During his visit to China, the chief-of-staff of the three armed forces of a European nation said: "In my opinion, China has no idea of expansionism nor does it intend to threaten its neighbors or other countries. China advocates stability, maintains good and friendly ties with its neighbors, and makes the effort to create a long-term peaceful international environment for its domestic economic construction."

Comrade Deng Xiaoping pointed out: "There are two strategic issues in the world today, peace and economy or development." At the time when bipolarization has come to an end, multipolarization has further developed, and the world's economic development has brought ties between various countries closer today, all the countries maintain ties and also condition each other. The world needs peace, countries want development, and the community seeks progress. These are historical trends that no one in the world can reverse. The real threat to the world today is those countries which go against these historic trends and try to violate other countries' sovereignty, interfere with others' internal affairs, and sabotage others' territorial and national unity under the pretense of "freedom, democracy, and human rights." They will not escape the punishment of history.



Mankind will enter the 21st century in the next few years. At the turn of the century, the governments and people of all countries are thinking how to greet the arrival of the new century. The Chinese people will work strenuously with other peoples throughout the world for global peace, stability, and development as well as for the progress of all of humanity. The banner of peace will flutter high in the hands of the Chinese Government and people.

**PRC: Army Paper Rejects 'China Threat'— Part 4**  
**HK1007085096 Beijing JIEFANGJUN BAO**  
*in Chinese 4 Jul 96 p 5*

[Article by Wei Wei (7279 0251): "Who Is Actually Threatening World Peace—Fourth of a Series of Articles Refuting the 'China Threat Theory'"]

[PTS Translated Text for FBIS] The Western media, particularly that of United States, have given enormous publicity to the so-called "China threat theory" and preached that China "is increasingly displaying its strength" and that China "has become something of a superpower," pretending to be serious about something which does not exist at all. People would like to ask: Who is displaying its force to carry out hegemonism and power politics around the world, relying on its own mighty military force and economic power? Who is imposing its will as a superpower on small, poor, and weak countries? Where does the threat to peace and development in the contemporary world come from? Facts speak louder than words. A look at the reality in the world over the years will give people a clear answer.

**A Thief Cries "Stop Thief." In the World Today, There Is a Country Which Has "Wild Ambition" in Seeking Hegemony and Which Has "Displayed Its Strength" Everywhere, But It Cannot Be China**

It is well known to all that in modern history, the Chinese people suffered the bullying of foreign forces for a long time, and knew deeply the pains of invasion. The Chinese people value their hard-won independence and freedom following the founding of New China, and have been getting along in friendship with the people of many countries. China has never attempted to seek hegemony in the world or in any region, never invaded an inch of foreign territory, never forced any military alliance, nor stationed a single soldier in a foreign country. In addition, China unilaterally cut its armed forces by 1 million a dozen years ago, a military reduction rarely seen in the sphere of military control and disarmament across the world. Moreover, China is the first country to transfer men and women from the armed services to civilian departments on a general scale.

It is the United States, which upholds most the "China threat theory," that has been attacked by people across the world for its ambition to dominate the world. During the Cold War period, the United States carried out its "containment strategy" and "super-containment strategy." Nowadays, it is implementing the so-called "engagement and expansion strategy" to dominate international affairs and impose its social patterns and values onto the whole world.

Driven by its hegemonic ambition, the United States has seen the most powerful military buildup in the world. Statistics by authoritative western organizations show that the military budget of the United States in 1994 stood at \$280.6 billion, which was 45 times that of China. The expenditure for American service personnel was \$170,000 each, 82 times that in China. The military spending for each American was \$1,081, while the per capita figure in China was only \$5.3.

Driven by its hegemonic ambition, the United States strives to maintain its military presence around the globe, with nearly 400 military bases in different parts of the world. It has stationed 100,000 troops in Europe, a large fleet and powerful air force in the Middle East, and 100,000 troops in Northeast Asia. The United States attempts to regain its control over Southeast Asia through military access and cooperative agreements. In this way, the United States brings lands far away from its territory within its "security circle" and unscrupulously claims to be "the only country in the world to go in for large-scale and effective military moves beyond its own boundaries."

Driven by its hegemonic ambition, the United States has been showing off its strength more and more. The United States has launched more than 70 foreign wars and invasions since its founding 200 years ago. With various excuses over the past dozen years, it dispatched troops to other countries nine times, such as the invasion of Grenada, the sweep of Panama, military moves in the Persian Gulf, and its interventions in Somalia and Haiti.

In July 1994, U.S. President Clinton stressed time and again in his report on "Engagement and Expansion Strategy" that following the Cold War it is of paramount importance to maintain and expand a powerful defense which is capable of being put into action at any time, so as to enhance American security. A powerful defense helps ensure American impact on world affairs, which most reveals the hegemonic ambition of the United States to interfere in world affairs and expand American interests with the support of its military might.

**With the Strong Backing of Its Military Strength, the United States Has Resorted to the Means of**

**Strong Political Pressure, Economic Sanctions, and Cultural Invasion in Seeking Hegemony**

In handling international affairs and relations with other countries, the United States has always pursued power politics, bullying the weak and playing the role of world policeman. Besides military means, it has also applied political, economic, cultural, and other means.

"Economic sanctions" are a big stick frequently used by the United States. According to some Americans, economic sanctions are an "important weapon" that the United States employs to force other countries, especially small, poor, and weak countries with ideologies differing from that of the United States, to change course. Statistics show that during the 1975-1994 period, the United States used "Super 301" 11 times for trade sanctions, thus applying enormous pressure on developing countries and Europe, and opening many trade channels for itself. To subvert Cuba, the United States disregarded a UN resolution requiring it to cancel its blockade of Cuba that had been adopted four times. In March this year, the United States dished out the so-called "Helms-Burton bill," which intensified its economic blockade of Cuba and threatened to enforce sanctions against foreign companies maintaining trade and economic relations with Cuba. The U.S. Congress recently adopted new bills applying even more severe sanctions against Iran and Libya, and threatened to penalize foreign companies that had invested in the two countries. By employing domestic legislation to force other countries to yield to its political will, the United States not only targets developing countries, but also its allies, thus turning itself a target of public criticism.

The United States has also applied pressure to the United Nations by economic means. As everybody knows, the United States has defaulted on \$1 billion in UN membership fees. (White Haide) [huai te hai de 2037 3676 3189 1795], chairman of the U.S. United Nations Association, acknowledged that "\$1 billion is less than 1 percent of U.S. defense spending and nobody believes that the United States cannot afford to pay its membership fees." Why, then, has the United States refused to pay its fees? The United States aims to coerce the United Nations into acting in accordance with its will.

Resorting to "human rights diplomacy" to pursue power politics has long been another favorite trick of the United States. On the question of human rights, the United States has been extremely conceited and has frequently applied sanctions against other countries under the pretext of "lack of human rights" and "infringement of human rights." The United States has taken the lead in proposing anti-China motions in UN meetings on hu-

man rights on six occasions, but has failed miserably. Since 1992, the United States has manipulated the UN Human Rights Committee into adopting 58 resolutions on human rights, nearly all of which were directed at developing countries. During the human rights conference held this year, the United States and other Western countries attacked by name 60 countries in Asia, Africa, Latin America, and Eastern Europe, and made indiscreet comments on the internal affairs of these countries. This mean act of interfering in the internal affairs of other countries under the pretext of the human rights issue constitutes a gross violation of the rules on the handling of international relations, as well as a serious threat to world peace and stability.

In fact, everyone knows that human rights in the United States are in a terrible state: Violent crime, abuse of children and women, and large numbers of homeless have become incurable diseases in U.S. society. It is revealed that 72,864 incidents involving the infringement of the human rights of Mexican immigrants occurred in the United States in 1995 alone. Since the promulgation of the World Declaration on Human Rights in 1948, the United Nations has adopted over 50 declarations and conventions governing human rights. But few of them have been approved by the U.S. Government. Since it has not joined principal international conventions on human rights, from what standpoint can the United States comment on human rights in other countries? The United States defends itself by saying that "Human rights comes under the jurisdiction of a country and the U.S. Constitution will never allow the use of powers conferred in treaties to restrict matters not suitable for international talks." Since the United States knows that its own sovereignty is valuable, why has it trampled upon the sovereignty of other countries under the pretext of human rights?

The United States has set double standards on many issues. "One man may steal a horse while another may not look over a hedge." For example, the United States fanfares arms control as if it is most concerned about the proliferation of weapons of mass destruction. But everyone knows that the United States has always taken weapons exports as a special means to pursue its politics and foreign policy, and that it has used arms sales to interfere in regional situations. Statistics show that the United States currently has exported arms to 141 countries and regions. It has supplied weapons to one or both warring sides in 45 regional conflicts over the past few years. This has been a major factor leading to the continuation of a number of hot spots and wars in the world. As the number one arms supplier in the world, supplying at least 60 percent of annual global arms sales, the United States has threatened sanctions against



a number of countries for providing even defensive weapons to smaller countries. The United States has also baselessly accused China, which has abided by the "International Missile Technology Control Regime," of weapons proliferation, and tried by hook or by crook to obstruct China's cooperation with other countries in making peaceful use of nuclear energy. In fact, the United States is the world's number one proliferator and user of weapons of mass destruction, and it cannot shirk its guilt in this regard. Which of the sophisticated weapons exported in large numbers by the United States are not weapons of mass destruction? The fact revealed not long ago that the U.S. Army used radioactive [fang she xing 2397 1410 1840] and poisonous [you du 2589 3021] weapons when NATO bombed Bosnian Serb installations last year serves as the latest evidence.

In handling international relations, the United States has stuck to the "Cold War mentality" and bullied small, poor, and weak nations since the end of the Cold War. In handling international affairs, the United States has ordered people about and has attempted to impose its social system, ideology, and values on other countries. This pursuance of hegemony and power politics has constituted a major factor leading to international disputes and tensions and threatening world peace and development. The country that has been pursuing hegemony and power politics is precisely the United States, which has been trying to spread the "China threat theory."

**The More the United States Tries To Hide, the More Its Intentions Are Exposed. The Advocate of "China Threat Theory" Cannot Escape the Crime of Threatening China and It Will Not Succeed in Its Plot To Contain Socialist China**

China has never interfered in the internal affairs of the United States, nor has it done anything harmful to U.S. interests, whether in the past or in the present. On the contrary, the United States has time and again created disturbances against and interfered in China's internal affairs. This is an indisputable fact.

The Taiwan issue is a major obstacle affecting Sino-U.S. relations. In recent years, the United States has time and again acted against its promises, saying one thing while doing another. The U.S. Government acknowledges that Taiwan is part of China, but secretly connives with forces calling for the independence of Taiwan. In June last year, the U.S. Government allowed Li Denghui [Li Teng-hui] to visit the United States, which seriously challenged the national sovereignty and national dignity of China. The U.S. Government acted against its promises and continually sold large quantities of advanced weapons, including F-16 fighters, ship-

based missiles, ship-based artillery, attack helicopters, and tanks, and even lent Taiwan cruisers and tank-landing ships. The U.S. Government also unwisely interfered in the military exercises the Chinese armed forces conducted in the Taiwan Strait, which were in accordance with international norms, and dispatched an aircraft carrier formation to the area to display its military might. The House of Representatives and the Senate of the U.S. Government even passed a resolution preaching that U.S. military forces should "safeguard Taiwan." Are these actions of the U.S. Government, which obstruct the reunification of the Chinese nation and interfere in China's internal affairs, not out-and-out threats to China?

The U.S. Government has publicly acknowledged that Tibet is part of China's territory, but its presidents have met with the Dalai Lama at the White House one after another, and provided forums for the Dalai Lama to play up the "independence of Tibet." The U.S. Government knows very well that the Hong Kong issue is a matter between China and Britain before 1 July 1997, and an internal affair of China after that date. But it simply dished up the so-called report on the "U.S.-Hong Kong Policy Act," making indiscreet comments on China. The U.S. Government politicized the issue of China's re-entry into the General Agreement on Tariffs and Trade or World Trade Organization, and asked for too high a price, in a bid to obstruct China's entry into this world organization and destroy the process of convergence between the Chinese and world economies, using various unrealistic and harsh terms. The U.S. Government also attacked China on issues of "human rights," intellectual property rights, non-proliferation of nuclear weapons, and even family planning, for no reason.

Having no regard for the common rules for the handling of international relations, some people in the United States have purposely provoked confrontation, and dished up the "China threat theory" to confuse and poison people's minds. What on earth do they want to do? In a word, they are precisely attempting to "split" and "westernize" China and check China's development and prevent China from becoming powerful, so as to put China forever under the control of others.

Nonetheless, the world is developing toward a multipolar society, and the attempts of any big nation which wants the world to act according to its own will will no longer succeed. People of all nations of the world hate the Cold War, confrontation, and chaos and conflict caused by war, and long for peace and development. The advocates of the "China threat theory" try to hide their ambition to control the world, but make it more



conspicuous. Their attempt to curb the development of socialist China is doomed to failure.

To hell with the "China threat theory"!

**PRC: Commentary Calls for Efforts to Ensure Military Supplies**

*HK1007042796 Beijing JIEFANGJUN BAO  
in Chinese 14 Jun 96 p 1*

[Commentator's article: "Work Hard To Ensure Military Supplies"]

[PTS Translated Text for FBIS] The "Regulations of the People's Liberation Army on Military Supplies" have been formally promulgated and implemented. The regulations, which provided a reliable legal basis for comprehensively strengthening and developing our Army's work concerning military supplies, are of great importance to increasing our Army's capability to collect and distribute military supplies and to ensure logistical support. The regulations will promote our Army's revolutionization, modernization, and regularization.

All levels of departments responsible for military supplies army-wide must earnestly organize study of, publicize, and implement the regulations so that relevant personnel, all levels of leading bodies and organs in particular, will understand the gist of the regulations, be clear about their duties, enhance their awareness of the need to act in accordance with laws and regulations, and strictly standardize their work in all fields according to the regulations. It is necessary, after analyzing positive and negative experiences, to further improve laws and regulations on military supplies according to relevant terms and requirements of the regulations, so that every sector and link involved in the work concerning military supplies will have laws and regulations to go by. It is necessary to make the regulations and other military laws and regulations mutually compatible and supportive. It is necessary, in light of the actual conditions for the work, to standardize all kinds of professional work and to correct all ideas and practices contravening the requirements of the regulations. The restraining and standardizing role of the regulations should be brought into full play. The key or difficult problems with collecting, storing, distributing, consuming, and managing military supplies must be singled out and solved through deepening reform and improving management. This will contribute to building the army.

With the progress made in building the army, material support occupies a more and more prominent position in overall logistical support. All levels of leaders must strengthen leadership over the work concerning military supplies, and all relevant departments must support the departments responsible for military supplies. All levels

of departments and the large numbers of personnel responsible for military supplies must conscientiously study the new situation and new problems brought by the market economy to their work; acquire a profound understanding of the more strict demands set on their work by the military strategy for the new period; be fully mentally prepared to serve military units and war preparedness; enthusiastically blaze new trails; and courageously forge ahead to lift the work concerning collecting, distributing, and managing military supplies to a new level.

**\*PRC: NDU Professor Discusses Future Campaign Trends**

*96CM0336A Hong Kong HSIEN-TAI CHUN-SHIH  
[CONMILIT] in Chinese 11 Jan 96 No 228, pp 7-10*

[Article by Wang Yong (3769 0516), assistant professor, National Defense University (NDU): "On the Developmental Trend of Modern Campaigns"]

[FBIS Translated Text] In the wake of the new technological revolution, high-tech has found its way into the military domain. It acts like a chemical catalyst to bring profound changes to the shapes of wars and campaigns as well as to combat styles and concepts. Through the smoke of gunpowder of the Gulf War, the Malvinas [Faulkland Island] War earlier, the US-Libyan armed confrontation, the fourth Middle East War, and other contemporary local wars and their aftermaths, and as people explore and study the theories of war, it is not difficult to discern what forms future campaigns will take and what developmental trends modern warfare will follow.

**The Battlefields Are Marked By Their Vastness, Multidimensions, and Irregular Features**

The battlefield is where the two opposing sides directly engage in combat. As more and more advanced weaponry and equipment are brought into action, it will bring dramatic changes to future battlefields. Specifically:

1. Battlefields will be much larger in scope, and the actual battlefield and the strategic battlefield will become one and the same. On the one hand, the widespread use of advanced technologies to fight wars will greatly increase the range of many weapons and equipment and the range performance of all types of armaments, giving the battlefield greater depth and more dimensions. For example, high-tech reconnaissance equipment can reconnoiter and monitor an entire battlefield; the new generation weaponry's range will increase by several magnitude, and adding the fact that these weapons will be scattered and put to many uses, the battlefield will

have greater depth and will become "all-directional," "all-altitude," and multidisciplinary. On the other hand, under the conditions of future local wars, because each campaign serves a specific purpose, an entire war often will be fought in a single campaign. In order to successfully achieve the purpose of the campaign, the two sides not only will use strategic weapons and support systems and make battle plans and gain battlefield control at the macro level, each will also go all out to attack the other side's strategic targets, damage the other side's battle mainstay, and disable the other side's combat system. This will make the battlefield much larger than the traditional ones, expanding it to the other side's strategic depth and basically joining the actual battlefield to the strategic battlefield.

2. The boundary between the front line and the rear area is blurred; land, sea, air, and space battlefields will become one. Because of the aforementioned situation, and adding the combat units' great mobility given the high-tech conditions, future battles will primarily be in the form of surface mobile war; increasingly more highly accurate controlled and guided weapons, airmen, airborne forces, and special units will be used in overhead combat, long-distance strike, and in-depth assault. Battle action will take several forms and will be launched in several locations and domains where the two opposing sides engage in all-depth, all-direction battles fought face to face, in the flanks, and in the rear; the old battle line will be blurred. "The boundary between the rear area and the front line no longer exists." With air combat playing an increasingly more important role, and with the use of space weaponry, air combat or space combat will be coordinated with land and sea battles, and land, sea, air, and space battlefield plans will become one.

3. Battlefields will be undefined; they can change at any time. In future campaigns, because of the weapons' greater combat capability, a smaller number, but a great variety, of weapons will be brought to the battlefield, and in turn, the number of troops directly engaged in a battle will be smaller, and the battle groups will have more room to maneuver. With reduced dependence on the front, the battlefield will become "more deserted and more undefined." In this kind of battlefield, "the lines that affect the terrain will be broken and twisted; they will be discontinuous and rapidly changing" (U.S. Military Report: "Integrated Air-Land Combat in the Year 2000"). The campaigns will be launched in the entire affected area, cutting a jigsaw pattern. Adapting to this "nonlinearity," the two opposing sides will engage in mobile battles that combine firepower and troop strength. The two sides will not remain in one place

to fight back and forth; the battlefield will be highly mobile.

#### **The Cumbersome Battle System Will Put Greater Emphasis on Overall Coordination and Contention of Systems**

In the wake of the continuous upgrading of weapon and equipment technologies and updating of means of doing battle, a modern campaign system's major components and their functions will change. There will be more subsystems and thus a greater number of constraining factors. Only by coordinating the different factors and systems to give play to the whole force can battle victory be won. Specifically:

1. The makeup of battle strength is increasingly complex and is constrained by a growing number of factors. Battle strength is moving toward greater diversity; more and more new components will enter into the ranks of actual combat and support. For example, battle strength will consist of surface, air and space, and sea battle capability; conventional missile and long-range strike capability, and electronic warfare capability and other components. Each component in turn will consist of several subsystems based on its operational mode, and together they form a large, jumbled system.

2. The overall character of a campaign mandates greater attention to destroying [the other side's] overall coordination and systematic structure. Because of the situation discussed in the last paragraph, future campaigns will be fought as a war unto itself. On the one hand, campaign coordination will be planned in a much broader scale, and troops, firepower, support, command, and other systems will be organically coordinated to give play to each side's comprehensive superiority. On the other hand, contention of systems will be conducted from the perspective of systems theory. Firepower, electronic, and psychological warfare will be fought, and advance attack, surprise attack, high-intensity assault, and destruction of key targets and other measures will be taken, with each side striving to preserve the integrity and the equilibrium of its own system while doing its best to destroy or disable the other side's combat system.

#### **A Crack Combat Force Where Technical Units (Troops) Play the Prominent Role Primarily in Joint Operations**

The makeup of the combat force and its engagement in battle will change dramatically. Specifically:

1. The combat force will be a smaller but more composite force. The combat force is the campaign's material base. The realization of the battle goals and the development of battlefield superiority, to a large extent, are



determined by the combat group's size and the number of troops and weapons. As the high-tech weapon system's range, accuracy, and threat increase significantly, the effects of firepower which were achieved by sheer number of troops and weapons in the old days will be achieved by the high-tech weapon system and the subsequent smaller combat units instead. Today, a single battalion can control an area 50 times larger than it could at the end of World War II. In modern high-tech local wars, the key to seizing battle victory lies in the quality, not the number, of troops and weapons. Throwing in massive battle forces made up of a large number of heavily armed units and combat groups is no longer the only means of seizing victory. Therefore, combat force formation (mix) will become much smaller; the formation scope will shrink.

2. There will be more branches of the armed services, and technological strength will play a prominent role; joint operations will be the principal form of combat. Because of the development of weapons and equipment and the change in troop organization, the joint force of the combined-arms of the military will replace the old single-armed force. While attaching importance to the organic combination of various weapon systems, countries will give prominence to space and electronic warfare capabilities and other technical arms of the military. Regardless of what class of combat operation, air force and naval power, electronic warfare capability, and tactical guided missile capability and so on will play their respective roles in the overall scheme. For example, in the Malvinas Island war of 1982, sea and air battle took up two-thirds of the campaign, and the British Army successfully landed after bombing the Argentine forces from the air for 27 days. In its invasion of Grenada in October 1983 and of Panama in December 1989, the United States also used its air power to make "firepower preparations" before proceeding with its land assault or airborne operation. In the Gulf War of 1991, the multinational troops' air-strike to surface combat ratio was 10:1. The multinational forces flew 112,000 sorties and dropped more than 120,000 bombs; they launched 288 Tomahawk cruise missiles, and launched high-intensity, large-scale, high-precision air strikes at Iraq's strategic targets and in areas with Iraqi troops gathered, crippling their surface troops' combat capability.

#### **Campaigns Will Be Marked by Versatility and Integration of Electronics, Firepower, and Mobility**

Because of the massive use of state-of-the-art weapons and equipment, the battle force's reaction speed, mobility, and combat efficiency will be boosted. Both the defensive and offensive sides are able to choose

their means of combat with flexibility. The surprise element in battles will be greatly increased. Surveillance and countersurveillance, blockade and counterblockade, airstrike and antiairstrike, mobilization and countermobilization, attack and counterattack and other means of combat will be interwoven; offensive and defensive battles will be joined. Corresponding to these will be the engagement in electronic warfare throughout the campaign; firepower warfare will become an important factor in seizing victory; three-dimensional and rapid deployment will have significant meaning. With information advantage in hand, giving play to firepower and increasing mobility will be the key to seizing battlefield initiative.

The limited goal of local wars and the use of high-tech means will bring high efficiency, so that campaigns will be clearly decisive in nature. Sometimes, one or two battles can complete a strategic mission. This was manifested in the United States' air attack of Libya, invasion of Grenada, and occupation of Panama. In the Gulf War, the multinational troops were able to practically paralyze the Iraqi combat system through prolonged air strike; their surface units only moved in to take occupation. After the war, the U.S. Defense Department concluded that air power had decided the course and the outcome of that war.

In the past, firepower and electromagnetic forces always played the support role; mobility was limited in frequency and distance. But in future campaigns, with the widespread use of high-tech means, there will be profound changes in the traditional campaign formats. Electronic warfare will be the prelude to any campaign. There will be large-scale, prolonged, high-intensity electronic interference to disable in one stroke the other side's command, intelligence, and communications systems to facilitate one's own operations. Electromagnetic warfare not only will be fought throughout the campaign but will be the key that decides which side will seize battlefield initiative. Firepower will also be an important means for seizing battlefield advantage and victory. In waging war, the offensive side will no longer follow the old procedure to break through the forward position and then fight in depth and engage in surround battle; instead, it will begin with massive air strike followed by frontal attack and in-depth assault and surface breakthrough via different routes and from all directions. These will be combined with air deployment and vertical siege as well as all-directional, three-dimensional combats. Nor will the defensive side only take defensive steps in response; instead, it will pay attention to first strike and mobility. Battles will be fought on the move; it will not be limited to territorial gains or losses; instead it will focus on inflicting massive casualties, de-



struction of key targets, and disabling the entire combat system, and these features make mobility even more important. To achieve the best combat results, electronic war, firepower, and mobility will be tightly integrated.

**Operation Command Involves Overall Planning and Will Be Difficult and Highly Automated**

Commanding future wars will become very different. Specifically,

1. The command mechanism will tend to be in the form of joint command. Combat fought under high-tech conditions will be fought by a combined-arms force. Because the branches are armed with many different types of weapons and equipment and division of labor is finely broken down, the command organization becomes more complicated, and to give play to the many branches' overall might and do a good job coordinating the war effort, a joint-operation command organization will be the most likely choice. For example, during the Gulf War, the United States set up a joint command with the central command as base to coordinate the other participating forces' command posts in the war zone. Such joint command serves a key role in ensuring timeliness and effective battlefield control.

2. Command format will focus on combining centralized and decentralized order. When fighting battles under high-tech conditions, the command decisions must focus on the overall situation; the command system must have damage-resistant capability. For this reason, much emphasis will be put on integrating centralized and decentralized command to ensure reliability. During the Gulf War, with respect to centralized command, the U.S. military adopted a central plan formulated by the command organization in the war zone and adopted the method of direct control of the battlefield, "putting all operations in the battlefield under the command of General Schwarzkopf" to "avoid the problems created by the kind of independent strategy, tactic, air combat fought by the Navy in the Vietnam War" (*Surface War in the Gulf*, Washington Strategy and International Research Center article). With respect to decentralized command, under the central plan, "commanding officers at different levels only specify the goals, but there is much freedom in deciding the best way to achieve those goals" (*Idem*), so as to guarantee the initiative and versatility of the commanding officers at all levels and help coordinate combat action. Contrarily, the Iraqi military only emphasized the strategic command's direct control of the troops and overlooked the delegation of power to the battle groups in the war zone, which greatly diminished the initiative of the battle groups and led to their isolation in the fields: Confusion set in when

the higher command was cut off, and they were easily defeated by the multinational troops.

3. The command tools are automated. With battles fought under high-tech conditions, there is a high concentration of information which changes at the blink of an eye. To analyze, compute, and judge the battlefield situation, to respond rapidly, and to accurately and promptly direct the coordinated and synchronized action of the different armed units will require, besides human intelligence and thinking, an automated command system. The C<sup>3</sup>I system turns intelligence, communications, command, and control and other subsystems into a network and provides an effective means of resolving the conflict between division of labor and concerted action among the combat units. During the Gulf war, the multinational troops not only relied on the C<sup>3</sup>I system to improve combat effectiveness but managed to strike down Iraq's C<sup>3</sup>I system, disabling the Iraqi command system.

4. The art of command emphasizes the integration of strategy and high-tech. Strategy is characterized by confrontation, deception, creativity, and ingenuity. It not only can increase combat command capability but can also control or turn the battle situation around. For combats fought under high-tech conditions, the use of advanced reconnaissance, survey, telecommunications equipment, computers, and artificial intelligence can better facilitate and provide more means to implement command strategies. Meanwhile, the use of weapon systems that inflict massive casualties, controlled and guided weapons marked by precision and accuracy, and a space weapon system will greatly increase the strategies' effectiveness or even produce unexpected results. During the Gulf War, to ensure victory, the U.S. military used electromagnetic interference and high-tech weapons to suppress and destroy the Iraqi command hub and communications facilities to render the enemy "hard of hearing" and "virtually blind" on the one hand; on the other hand, they used decoys at sea, drew their attention to the front, and used other strategies of deception to trick the Iraqi Army into putting their defensive emphasis on northern Kuwait and the eastern seaboard while they struck a "left hook" and successfully hit the Iraqi Army's flanks where they were the weakest.

**Combat Support Becomes More Substantive; Its Role Enhanced, and Its Means Further Developed**

The diversification of forces participating in future wars, the increase in the types of weapons and equipment, and the higher technological norms make combat support more substantive, and the great expenditures involved in combat and the accelerated pace of battle will make combat operations more dependent on support; its role

will be boosted to unprecedented heights to become the important base for giving play to combat capability. In order to make combat support more reliable, upon strengthening specialized support capability, modern means of support will be widely used; military and civilian support will be integrated; land, air, and sea will be combined; and fixed-point and mobile support will be integrated.

Because the combined-arms military force will engage in joint operation and make comprehensive use of high-tech combat means, because the battlefield will become three-dimensional, spacious, and multiterritorial, and because combat groups will be scattered and highly mobile in battle, logistics support will be much more difficult, and relying on a single means of support will not meet battle needs. To make logistics support more effective and reliable, all means of support must be used comprehensively. These include three-dimensional support that combines land, sea, and air; support at different phases before and during a campaign; skillful combination of fixed-point and mobile support; coordinated support that combines support found in the war zone or from allies and from the forces' own accompanying support units.

In future wars, the weapons and equipment will be highly technical; there will be many types of weapons, and they will be spread out. In addition, the environment in the battlefields, the enemy's precision-controlled and guided weapons and the threat of other means of destruction will make the job of technical support more difficult; it will play a more important role in logistics support and will be critical in protecting and "regenerating" combat capability. It will be necessary to increase not only the proportion of technical material support but also the number of specialists who can test, repair, and maintain the technical equipment. At the same time, it will be necessary to improve the means of support to make it more efficient. In the fourth Middle East War, the Israeli Army sent a large group of technical experts from factories in the rear area to the front line to boost logistics support, so that 80 percent of the war-damaged tanks could be repaired and put back in action, which greatly boosted their combat capability.

In future campaigns, because of massive input of high-tech weapons and equipment and the waging of nonconventional warfare, expenditures will escalate. If we look back in history, we will learn that in the 1950's, during the three years of the Korean War, the U.S. military dropped 680,000 tons of bombs, averaging nearly 19,000 tons per month; in the 1960's-70's, during the eight years of the Vietnam War, they dropped 7.5 million tons of bombs, averaging 78,000 tons a month; in the 1990's, during the 42-day Gulf War, 18,000 tons of bombs were launched in one day of the strategic air

raid, and for the duration of the entire war, 500,000 tons of bombs were dropped at a monthly average of 357,000 tons; the daily depletion of ammunition was 20 times that of the Korean War and 4.6 times that during the Vietnam War. In addition, during the Gulf War, around 2.2 million tons of fuel was used up, 1 million tons of which was aviation fuel; they also used up more than 8 million tons of war materials, setting an historic record. To guarantee logistics support, the U.S. military transferred and gathered assorted forces to provide combined sea, land, and air logistics support. Of the 530,000-men army, around 45 percent was logistics personnel. This shows that future combats will require the organization of huge logistics support systems. It is not difficult to imagine that logistics support will be the key factor determining the outcome of a campaign.

In a high-tech war, because the gathering of intelligence and information will be three-dimensional, multichannel, and high-performance, relying on traditional means of secrecy, disguise, and concealment will no longer ensure safety; the transportation line and support system which logistics support relies on for survival too are more difficult to protect. This became obvious during the Gulf War when the multinational forces cut off Iraq's supply line and damaged their rear facilities. Thus, in future campaigns, more attention must be paid to logistics survival; combat in the rear area will become a part of the combat plans, and logistics support operations must be tightly integrated into the combat and operations to disguise and deceive.

**\*PRC: GLD Consolidates Enterprises**

96CM0393B Beijing JIEFANGJUN BAO in Chinese  
6 Apr 96 p 1

[Article by Yang Yang (2799 2799): "The PLA General Logistics Department Is Merging Its Subordinate Enterprises Into Groups, Reducing Its Former 14 Enterprises to Only Four"]

[FBIS Translated Text] In the most recent indoctrination and rectification campaign, the PLA [People's Liberation Army] General Logistics Department [GLD] has acted in the spirit of the pertinent directives by the Central Military Commission, repeatedly studying the production and operating problems of its subordinate enterprises. It recently issued a circular to its 14 subordinate enterprises to consolidate by merging into groups.

The consolidated GLD subordinate enterprises will keep only the China Xinxing [Rising] (Group) Head Office, the San-Jiu [3-9] Enterprise Group, the Wuhan Enterprise Management Bureau, and the Beijing Enterprise Management Bureau. The other GLD subordinate en-

terprises will be merged and consolidated into the enterprise order of these enterprise groups (consortiums).

The "Circular" said that the GLD subordinate enterprise merger and consolidation work will be guided by the spirit of the Military Commission and General HQ on the rectification and reform of military production and operations, acting in line with the needs for centralized management, group operations, and intensive development, and pursuing the principles of rational relations, tighter management, fewer numbers, an optimized structure, and better state asset operating efficiency, by using the methods of centralized organizational leadership, overall merger and association, and gradual adjustment and reorganization. In the consolidation, we need to ensure the production and operating stability of the taken over enterprise ranks, guaranteeing annual earnings and

tax payments, and preventing state asset loss, economic efficiency decline, or any violation of law or discipline.

At a meeting on the merger and consolidation of the subordinate enterprises, GLD Deputy Director Wang Tailan [3769 1132 1526] noted that this merger and consolidation of subordinate enterprises will use the means of intense inventory and rectification and the method of intense adjustment and reform, using system adjustment and improvement to put production operations onto a track of conscientious optimization and sound development. He called on the pertinent units to stress politics and discipline, recognizing and considering the overall situation, and taking active and steady steps to take the lead in setting a good example for the whole PLA.



### General

#### \*PRC: Enterprise Reform: Status, Difficulties

96CE0328A Beijing JINRONG SHIBAO in Chinese  
20 Apr 96 p 1

[Article by Xi Shi (6932 1102): "The 1996 State Enterprise Reform Assault"]

[FBIS Translated Text] The revitalization of large and medium state enterprises seems to have been on the agenda ever since the beginning of China's reform. State enterprise reform will certainly either result in the advance and success of China's whole economic reform and modernization cause, or delay and adversely affect our overall reform and development.

Vice Premier Zhu Rongji noted in Beijing during the NPC [National People's Congress] and CPPCC [Chinese People's Political Consultative Conference] that intensified state enterprise reform to convert operating forces, tighten management, and raise efficiency will brook no delay.

#### The Clear-Cut Path for State Enterprise Reform

In the last dozen years or so, we have repeatedly tried to revitalize our state enterprises, putting forth great efforts. Focused on adjusting the economic relations between the state and enterprises and between enterprises and their employees, we started by expanding enterprise management decisionmaking power, carrying out many reforms such as enterprise contracting, profit retention, a progressive package system for profit payment, two steps of the change from profits to taxes, a wage rationalization package, and efficiency wages. That broke us free from our longstanding old management model that was characterized by centralized receipts and spending, starting to give enterprises a certain amount of independent financial and management ability, which gradually enlivened their overall economic operations.

But as there is after all a limit as to how far the state can go in lowering taxes and conceding profits, the overall prospects for large and medium state enterprises are still not optimistic.

State Statistics Bureau [SSB] data for 1989 through 1994 show state industrial enterprises' losses, as to the ratio of enterprises [or the enterprise loss scope], to have been respectively 16 percent, 27.6 percent, 25.8 percent, 23 percent, 30.3 percent, and 33 percent.

And for the first 10 months of 1995, our composite index of national industrial economic efficiency was 88.04, down 4.13 points from the same period in 1994. Our enterprise loss scope was 24.1 percent (with less than one-third of enterprises making profits). In 1995, our national independently accounted industrial enterprises

sustained losses of 88.3 billion yuan, up 34.5 percent from 1994. And our budgeted state enterprise losses were 40.9 billion yuan, up 20.5 percent.

It is thus obvious that we need new state enterprise reform thinking. And emphasizing large enterprises while setting small ones free, for an overall revitalization of state enterprises, will be a good method in line with China's national conditions.

China's state economy has trillions of yuan of state assets, with over 2 million state enterprises of all sizes. And while our revitalization of state enterprises should be focused on the revitalization of our whole state economy, we need to concentrate our energies first on revitalizing 1,000 large enterprises. As these 1,000 enterprises include 878 state industrial enterprises, which make up only 2.8 percent of all state industrial enterprises but account for 63 percent of their gross assets, 69 percent of their gross output value, 70 percent of their gross sales, and 74 percent of their gross profits, they have a large effect on our national economy and people's livelihood. So emphasizing these enterprises will enable us to seize the initiative, which will not only be of crucial significance in revitalizing our state economy, but also will play a decisive role in promoting the development of our whole national economy.

In 1995, our state enterprise reform pace started to quicken, making great progress as to thinking and experimentation.

Recently, Wang Zhongyu, State Economic and Trade Commission [SETC] director, said that state enterprise reform would be divided roughly into two phases: 1) From 1995 to 1996, our work emphasis will be to integrate pilot programs with larger-scale dissemination, focusing on pilot programs, emphasizing coordination, and striving for breakthroughs; 2) From 1997 through 2000, our work emphasis will be to sum up experiences, consolidating improvements, acquiring sounder legislation, and disseminating gradually.

An authoritative department projects that during the Ninth Five-Year Plan, state enterprise reform will cost about 500 billion yuan, for an average capital expenditure of 100 billion yuan a year.

#### The Certain Revitalization of State Enterprises

The Third Plenary Session of the 14th CPC Central Committee clarified our general state enterprise reform direction as being the establishment of a modern enterprise [business] system. And Premier Li Peng explained that while the revitalization of state enterprises will be a dynamic and long-range process, it will be quite worthwhile.

A most typical example is the Gandan Iron and Steel Corporation [Corp]. In its business management, it practices a system of "simulated market accounting with cost veto." The substance is to introduce market signals to the enterprise, mobilizing employees to act as money managers, adhering to "three changes and one improvement," and in particular, lowering costs sharply to raise enterprise economic efficiency. It is practicing a brand new market-oriented business management system, which has sharply increased Gandan Iron and Steel's profits and taxes from 1990's 1 million yuan to 708 million yuan by 1995, lowering its equity debt ratio from 70 percent to 39 percent, and increasing its state assets in five years by 770 percent. Gandan's experience provides strong direction and real use value for our current state enterprise revitalization.

Liaoning Province has many large and medium state enterprises. Through these years of exploration and practice, it has summed up certain successful experiences and thoughts on revitalizing state enterprises, having now achieved a generally good momentum in its revitalization of large and medium state enterprises. Taking Shenyang City for instance, of its 329 large and medium enterprises, the ratio of vigorous and quite vigorous enterprises is up 5 points (since 1995), with its ratio of severely losing enterprises down 10 points. But even more importantly, as certain of the more vigorous enterprises have raised their overall quality to acquire a fine operating stance, they have become a crucial support for assimilating the inefficient assets of other enterprises for a general revitalization of state enterprises.

During the Ninth Five-Year Plan, Liaoning province is engaged in a "four, three, two" project to upgrade and adjust its old industrial base, or developing the four key industries of petrochemicals, metallurgy, machinery, and electronics, supporting over thirty enterprises or consortiums, and doing a good job of 200 key technological upgradings. Focused on revitalizing key large and medium enterprises, it is invigorating its state asset inventory to optimize its production factor disposition. Liaoning's aim is to revitalize two-thirds of its large and medium state enterprises by the end of the century.

Shanghai, as the most concentrated zone of China's state enterprises, is transforming 80 percent of its state enterprises during the Ninth Five-Year Plan into joint stock and limited liability companies. By 1997, Shanghai's state enterprise equity debt ratio will be down from its current 78 percent to 60 percent, with its pace of separation through diverse channels of surplus enterprise workers speeded up, and its enterprise social welfare functions further stripped away.

There are grounds for a larger "pie" for greater Shanghai. Shanghai has been increasing its industrial output at a sustained rapid rate of double-digit percentage points, with a group of new key industries rising, and its economic operating quality and efficiency up markedly, so that it is now evolving a fine state enterprise order of "making the large strong, revitalizing the small, developing the best, and eliminating the worst." Ones such as the San-Qiang [Three-Strong] Group and The Shanghai No 2 Woolen Mill are typical state enterprise operations.

In short, practice is telling us that an overall revitalization of our state economy will mean first establishing the firm confidence that "state enterprises definitely will and can be revitalized."

#### **The Need for Breakthroughs in State Enterprise Reform**

To be sure, while the shallow conflicts in state enterprise reform have been resolved, the deeper difficulties will not be solved overnight. In a word, as the remaining ones will all be hard nuts to crack, state enterprise reform is going to need some breakthroughs.

Just as SETC Director Wang Zhongyu said in his report to the Eighth NPC on state enterprise reform, for state enterprise reform to make substantive progress, the key will be to make breakthroughs in priorities and difficulties.

**Difficulty 1: Separating business management from government administration.** Some economists used to sigh that, as enterprise reform will necessitate system reform first, it will be impossible until business management is separated from government administration. Which is not without reason. At the beginning of 1996, the state decided to carry out a large-scale system reform of the two specialized industrial departments of the Ministries of Energy Resources and Metallurgical Industry, the crux of which is to separate business management from government administration. If this crucial reform experiment can make breakthrough progress in 1996, it will provide a fine model for solving the difficulty of separating business management from government administration.

**Difficulty 2: Property rights reform.** As to the current conflicts of state enterprises, the conversion of operating forces will need to be accompanied by efforts in the area of system pioneering and comprehensive coordinated reform. The famous economist Fan Gang [2868 6921] holds that property rights relations are an unavoidable deeper problem in state enterprise reform. And "distinct property rights with clear-cut rights and obligations" are the greatest distinction of a modern business system.



At present, the three levels of state enterprises, state property management corporations, and the State Administration of State Property constitute our state asset property rights management model. But in specific operations, who actually is in charge of the detailed management of state assets remains to be clarified on a case-by-case basis. And it involves the immediate question of who are the players in state enterprise reconstruction.

**Difficulty 3:** The too high enterprise equity debt ratio. The State System Reform Commission has disclosed that China will give priority to solving in the next three years the problem of the equity debt ratio of large enterprises and consortiums, to bring it down to a normal level.

I would like to note finally that in our current "revitalization of large (state enterprises)," we must not be dependent as in the past on developing appeal, setting forth demands, and engaging in oversight, even less so depending on special preferential policies. Rather, we need to rely on "a good system, good leadership, and good products, scientific and technical progress, tighter management, active market development, and constant development of marketable products" (Li Peng). In a word, we need to rely on the role of a modern business system. As the market economy principle is fair competition, policy preferences are bound to create new inequality.

But meanwhile, "setting the small (state enterprises) free" certainly does not mean taking a laissez faire approach or all-out freedom. As China has 66,000 independently accounted small state enterprises, which make up 82.6 percent of all independently accounted state industrial enterprises, with their workers accounting for about 70 percent of all such employees, freeing them up entirely would impact the initiative of two-thirds of all state enterprise employees, to possibly even affect social stability.

**\*PRC: CASS Forum Discussing Current Economic Issues, Recommendations**

96CE0339A Beijing JINGJI CANKAO BAO  
in Chinese 21 May 96 p 4

[Article by Liu Shucheng (0491 2885 2052) and Zhao Jingxing (6392 0079 5281) of Econometrics and Techno-Economic Institute of the Chinese Academy of Social Sciences: "Forum to Analyze, Forecast Economic Situation in Ninth Five-Year Plan Period"]

[FBIS Translated Text] Not long ago, the group on the topic "Analysis and Forecast of the Economic Situation" of the Economic Studies Department under the Chinese Academy of Social Sciences [CASS] held a special topic forum. Experts attending the forum analyzed

and forecasted the economic trend in this year both quantitatively and qualitatively; expressed their opinions on several hot spots and key issues in China's economic life at present; and offered some recommendations.

Most of the experts believed that right now, China's economy is in the late stage of retrenchment in the fourth economic cycle since the beginning of reform and opening-up. The overall situation in the 1996 economic operation is that China's economy will continue to grow appropriately and steadily, and that its GDP growth rate will be about the same or slightly lower than that in 1995.

Despite the fact that those attending the forum basically agreed with each other in evaluating the overall situation in China's economic operation in 1996, they had different views on how to understand the existing major problems in China's economic life at present and on where to start in conducting analysis. Therefore, they had different views in formulating a policy in this connection. Summarizing the various views, we may divide the experts into two categories in general. Those who belong to the first category believed that we should continue to carry out the various tight monetary policies which we had implemented since 1995. Those who belong to the second category believed that while persistently implementing the "appropriately tight monetary policy," we must make "microadjustments" or "structural readjustments" in enforcing our macro-economic policy. These two different types of views are clearly manifested in the issues which the experts brought up and the recommendations they made.

In dealing with the existing problems in economic life, those who belonged to the first category stressed that in areas where the scale of construction projects is relatively large and in some localities, the trend to develop new projects for excessively higher growth rate still prevails right now. Therefore, the inherent impulse for investment will remain great, and the pressure from demand inflation high in 1996. This indicates that there is a potential pressure from demand-pull inflation. Those who expressed such views stressed the need to continue taking the control of inflation as the most important task in exercising macrocontrol. They said that we must implement and improve the various policies and measures to curb inflation, continue to implement the policy of controlling the total volume of fixed asset investment, exercise strict control over new development projects, and strengthen the control over the sources of investment funds. This kind of views seem to pay more attention to some of the "medium- and long-term" influencing factors such as impulse investment under the old system.



As compared with those of the first category, experts of the second category attached more importance to some of the immediate factors which have emerged since the implementation of the tight monetary policy. They believed:

1. The problem which exists in our economic life at present is, first of all, insufficient immediate market demand. Reasons for this are as follows:

a. Under the influence of various factors such as policy adjustment, the situation in foreign trade in 1996 brooks no optimism. Net exports may decline by a wide margin.

b. Although the volume of consumer goods in retail sales for the first quarter rose on a relatively large scale as compared with the same period last year, the monthly growth rate after the seasonal adjustment has remained stable.

c. Although the growth rate of fixed asset investment for the first quarter was not low, it actually turned out to be a zero or negative growth rate after price increases were taken into consideration. For example, in the investment structure, the investment in real estate grew by 35 percent, capital construction rose only by 8.7 percent, and reassigned investment increased only by 1.6 percent. Therefore, there was insufficient demand for industrial products.

They believed that enterprises are faced with relatively greater difficulties at present. There is an insufficient market demand. They pointed out that even though the production of both consumer and producer goods is being limited, the rate of industrial production and marketing at and above the township level is only 93.04 percent. This will definitely affect the utilization of capacity and workers' job markets in various enterprises.

2. These experts believed that in appraising the macroeconomic situation, we should analyze the situation from various angles, and also take into consideration multiple indexes such as growth rate, employment, commodity price, international balance of payment, economic efficiency and so on. If we compare inflation with unemployment, unemployment and disguised unemployment are gradually becoming an issue which can no longer be ignored.

3. From the point of view of financial operations, the growth of money supply and slow money flow exist side by side. According to the trend during the first quarter, the annual increment of national bank loans this year will top the 700 billion yuan mark which will far exceed the planned target. The growth of broad money will be about 33 percent, 8 percent higher than the planned target. However, the growth of narrow money will be only approximately 10 percent which will be lower than

the planned target. Since 1993, the ratio of currency flow in China (M1/M2) has always been declining. At the end of March 1996, this ratio was only 37.1 percent. This indicates that consumers' spending propensity was relatively low.

4. In light of the aforementioned problem, these experts suggested that while continuing to control the total supply and demand, we should make "microadjustments" or "become structurally flexible" in implementing the policy. Measures should include: a) lowering bank interest rates for both deposits and loans; b) making microadjustments of tax rates either upwards or downwards; c) trying hard to open up domestic and international markets; d) appropriately attracting more investment so that the annual growth rate of fixed assets investment will be 1-2 percent higher than the economic growth rate; e) using the additional investment to adjust the industrial structure in an effort to increase the effective supply.

5. In accordance with the basic theories of macroeconomics, the GDP in a certain period is equal to the total sum of the investment demand, consumption demand, and net exports in the same period. In this case, the investment demand also includes fixed asset investment demand and inventory demand. When consumption and net exports are fixed, the growth of the GDP index is determined by the growth of investment. Under a normal situation, the growth of inventory demand should be lower than investment growth. It is on this basis that some experts calculate the demand for fixed assets. Measures should be taken to adequately increase fixed asset investment and ensure that the actual annual growth rate of societywide fixed asset investment reach approximately 12 percent in order to guarantee a 9-percent GDP growth, they pointed out. Otherwise, we must take the changes of imports and exports and the consumption demand in the whole year into consideration. If the calculation is made on the basis of the actual growth rate of fixed asset investment for the first quarter, the annual GDP may possibly grow by 7 percent only.

On the basis of these lines of reasoning, these two categories of views showed the experts made different appraisal of the conduct of an economic entity. As far as the views of the first category are concerned, the mode of conduct of the economic entity is tainted with the color of the traditional system. Judged from the views of the second category, changes have already taken place to a certain extent in the mode of conduct of the economic entity, and such mode has been somewhat restrained by the market. Apparently, experts of the first category placed emphasis on the conduct of the local government at present, while those of the second category attached importance to the conduct of the

enterprises at present. Actually, both factors have their own role to play. Thus, some experts pointed out that in the course of implementing the aforementioned policy of effecting appropriate microadjustment, it is necessary to pay particular attention to two following points:

1. We must only allow flexibility in making structural adjustment in order to increase and facilitate the effective supply.
2. We must keep close track of the changes in the macroeconomic situation, and avoid another round of investment inflation.

The forecast made by experts attending the forum on various economic indexes for 1996 is shown in the following table:

Name of Index	Forecast value for 1996
GDP Growth Rate (comparable prices)	8.8-10.0%
Societywide fixed asset investment:	
General scale(current price)	2.26-2.34 trillion yuan
Nominal growth rate	16.5-20.0%
Actual growth rate	8.5-10.5%
Investment rate	32.8-35.0%
Nationwide retail sales inflation rate	8-10.5%
Inflation rate for residents' consumer goods	10.3-12.6%
Societywide retail sales of consumer goods:	
Volume of retail sales (current price)	2.43-2.53 trillion yuan
Nominal growth rate	18.8-21.5%
Actual growth rate	8.5-9.0%
Revenue	712 billion yuan
Expenditure	770 billion yuan
Newly increased deposits for residents	994 billion-1.05 trillion yuan
Newly increased loans	953 billion yuan
Total imports	\$155 billion
Total exports	\$160 billion

**\*PRC: SPC Researcher on Losses of State Assets, Proposals**

96CE0272A Beijing JINGJI-GUANLI [ECONOMIC MANAGEMENT] in Chinese 24 Mar 96  
No 2, pp 86-93

[Article by Fan Bi (5400 1801) of the Policy Research Office of the State Planning Commission: "Current Situation, Mechanism and Countermeasures for Losses of State Assets"]

[FBIS Translated Text] State assets are the fruits of the working people's long-term savings and the material foundation of the Chinese nation for subsistence and prosperity. The losses of state assets are becoming more and more serious in recent years. According to statistics from the State Administration of State-Owned Assets, the total amount of state-owned operating and nonoperating assets is approximately 3.5 trillion yuan. Between the 1980's and now, the average losses of state assets exceeded 50 billion yuan each year. The total amount of state-owned credit assets is 3.4 trillion yuan (Footnote 1)(China Statistics Yearbook 1992, p 544. In a narrow sense, only funds owned by state banks are state assets. However, we must realize that right now, all banks in China are state banks and that all their claimable assets belong to the state. Moreover, the losses of credit assets of the state banks are serious. Again, there is no way to separate the part of the bank's own funds from its debts in these losses. Thus, in a broad sense, credit funds of the state banks should also be discussed as a part of state assets). State-owned credit assets worth more than 300 billion yuan have been lost. (Footnote 2)(STUDIES OF STATE ASSETS, 1995, Issue No. 4, "Study of Issues Concerning Losses of Financial State Assets in China." ) The so-called "losses of state assets" mentioned here refer to the illegal transformation of state assets into nonstate assets, the state assets lying idle in waste and without the supervision of the state and the abnormal artificial losses. That also includes the part of profits that the state property rights should reap but are turned into profits of a department, unit, or individual. Right now, the damage to state ownership is unprecedentedly substantial. A large amount of investment in fixed assets, enterprise properties, financial assets, and business resources have drained away. The losses during property rights transactions and in Sino-foreign joint ventures indicate that China still finds it difficult to meet the requirements of the market economy in terms of state assets management. While summarizing the various forms of losses of state assets, this article makes every possible effort to find out the reasons for creating this "black hole" of state assets from the system and mechanism point of view, and to look for countermeasures to halt the drainage.



## I. Phenomena of Losses

**A. Losses of fixed assets in investment.** The investment in fixed assets has risen with an average growth rate of 40 percent each year since the beginning of the 1990 (1990-1994). However, the rate of growth for new investment in fixed assets is only 25 percent each year, far below the overall rate of growth. Even in the investment of fixed assets already made, some of the assets are lying idle and not put to good use, resulting in losses. The main reasons for causing such losses are as follows:

1. Construction projects are repetitious and facilities are blindly imported. State assets with a vast investment are not put to good use. The current and expected production capacity of some products obviously exceeds the market and export demands. The capacity in the processing industry far exceeds the supply of major raw materials. As a result, many production facilities are lying idle. The problem is mainly in the manufacturing industry for mechanical and electric products, light textile industry and a part of the processing industry which processes raw materials. For example, about 50 percent of manufacturing facilities for color television sets are lying idle, and one-third of the facilities in cotton weaving are not being used. There are more than 230 factories in the country producing aluminum section bars. More than 150 extrusion presses have been imported, but only 20 percent of them are being used (Footnote 3)(*China Investment White Book 1992*, pp 107-108). Let us cite another example. The state has invested \$34.9 million to import equipment for the Daqing ethylene project, a major project listed in the Seventh Five-Year Plan capable of producing 200,000 tons of ethyl alcohol. However, this equipment is now basically discarded as useless without making any profit, because there is no market demand for such products. The Pingyu Power Plant in southern Anhui spent 17 million yuan to build a cooling tower. It was only after the cooling tower was completed that the engineers of the power plant realized that the problem of thermal pollution does not exist. This cooling tower has never been used since its completion.

2. Many construction projects have not generated any profit for the state or helped enterprises pay taxes. The amount of investment in fixed assets in state-owned units grows every year. With the exception of 1990 in which the state had placed investment in fixed assets under strict control, the growth rate of fixed assets inventory was much lower than that of the investment in fixed assets in most of the years (See table below)

Comparison Between Growth Rate of Investment in Fixed Assets and That of Fixed Asset Inventory in State-Owned Units

Year	Investment Growth Rate	Inventory Growth Rate
1985	41.79%	33.15%
1990	15.11%	23.04%
1991	24.31%	13.51%
1992	45.36%	31.88%
1993	45.21%	33.63%
1994	48.26%	22.87%

The number of new construction projects rises each year, but the percentage of projects which have been completed and put into production and the proportion of fixed assets delivered and put to use have dropped. The time needed to complete projects and the investment recovery period have become longer. The problem of the actual construction cost far exceeding the original estimate has become serious. The average cost of construction has increased on a large scale, and the rate of utilization of new production capacity is relatively lower. According to a sampling survey conducted by the Construction Bank concerning 69 projects with a total investment of 8.89 billion yuan, which went into operation in the past several years, the rate of investment profits was an average 8.3 percent, which was lower than the bank long-term interest rate for the same period. Sixty percent of the projects failed to meet the design specification. That means, investment of 2.09 billion yuan was wasted. Forty percent of the completed projects suffered losses, while loan payments were delinquent for 25 percent of the projects. The State Planning Commission recently conducted a survey concerning 48 large and medium-sized projects in coal, power, and petro-chemical industries and in the field of communications. The original budgetary estimate for these 48 projects was 77 billion yuan, but an approval was made later to increase the total investment to 143.5 billion yuan in order to complete all the projects, exceeding the original estimate by 87 percent. These projects are expected to be completed with a total cost of construction exceeding the original estimate by 94 percent.

3. Fees are arbitrarily imposed on major construction projects. The phenomenon of "arbitrarily charging major and big projects" prevails. All this greatly increases the cost of construction. Various localities and depart-



ments are levying all kinds of fees on major construction projects. Right now, there are nearly 1,000 kinds of charges. Many of them are repetitious. There are all types of fee-collecting departments. In addition to provinces and cities, even counties, townships and villagers' committees collect fees from major projects. Fees are collected at random. Whether fees should be collected or not, and how much should be collected is in question. In some localities, an individual leader or a certain unit alone makes the final decision. Even for major construction projects that affect the overall interests of the state such as those in the fields of energy, water conservancy, and communications, local authorities often refuse to cooperate or even make things difficult for allocating land, pulling down old buildings to make rooms for new construction projects, and supplying manpower and materials. All this greatly increases the cost of construction. For example, they often raise prices for land, and arbitrarily collect exorbitant fees for land requisition and relocation. Sometimes, fees to increase capacity for water and electric power supplies and use of roads and resources and for highway maintenance are collected, although payments have already been made for the use of water, electricity and roads. In some localities, the local people's congresses even adopt resolutions to raise the amount of charges on major construction projects. All this has lengthened the period for construction and greatly increased the cost of construction.

4. Designing and construction units have deliberately raised the cost of construction. Due to the fact that the designing fee is charged at a fraction of the total cost of the project, some design units try their best to raise the cost of construction when they design a project. The methods used include increasing expenses on facilities which are not closely connected with the project itself, using higher safety factors, raising construction standards, replacing ordinary or Chinese-made equipment which originally meets the requirements with high-quality, precision, and sophisticated equipment or imported equipment. In selecting equipment, they often designate the products manufactured by some one with whom they have good connections, while they care little about whether or not it is economical or suitable to use such products.

5. There are many irregularities in bidding and contracting for construction. The bidding procedure is not wide open to the public, and there are a great deal of administrative interferences. The unit which determines the successful bidder often lacks overall knowledge about the reputation of the bidding units. It only determines the successful bidder by merely comparing prices. There are many subcontractors at every level with the contract-

ing units taking advantage of the situation to reap profits. Some of the bidding units know the details of the bidding procedure beforehand through their own connections. In some cases, the administrative department in charge of bidding directly determines the successful bidder. Due to the poor choice of the contracting unit, it often does shoddy work and uses inferior materials, or asks the construction unit to increase its appropriation.

**B. Losses in the course of changing the enterprise management mechanism and carrying out production and business operations.** Following the changes in the enterprise management mechanism, the old system has been shattered, but the new system and laws and regulations are far from being perfect. Some enterprises are not fully aware of the significance in maintaining and increasing the value of state assets, thus creating many loopholes through which state assets are lost. According to an estimate, about 70 to 80 percent of the state assets lost are caused by the enterprises themselves. Such losses are mainly manifested as follows:

1. State properties are often appropriated for use by individual units, and public ownership often becomes private ownership. Some enterprises turn state assets into collective assets without authorization, change budgetary funds into extrabudgetary funds, and unconditionally use state assets to set up joint ventures or carry out joint operations. While carrying out "three types of production," they refuse to turn their profits accrued from the state assets over to the state treasury. Sometimes, they even turn such state assets into private ones. They also evade taxes and set up their own "small exchequer." They often take the advantage of the change of the accounting system and of the change of ownership to willfully undervalue the state capital, underestimate the state assets, or sell the rights to use state-owned land and real estate at a lower price.

2. State property claims are not honored. Enterprises often seize the opportunities of spinning off small enterprises, declaring bankruptcy, reorganizing the structure, or changing the shareholding system to divide up property rights without dividing up the debts. They divide up all the properties of the original enterprise and just turn it into an empty shell. No one is held responsible for the debts. Thus, the original enterprise has no way out but to declare bankruptcy. This kind of method is called: "The large boat runs aground, while small boats flee for their lives." Once these enterprises rid themselves of the burden of debts, they seem to act more lively. However, the interests of the creditors such as banks and other state-owned units are harmed. The shattering of state property claims also constitutes a loss of state assets.

3. In reforming the shareholding system, some enterprises underestimate or refuse to estimate the shares owned by the state. They believe that shares owned by the state are the same as ordinary shares except that the former does not enjoy the same rights and privileges as the latter. As a result, the proportion of shares owned by the state has dropped. Some of the enterprises pay no dividends to shares owned by the state. Nor do they give them bonuses or allotment shares. On the other hand, they issue guaranteed stocks to ordinary shareholders and pay them dividends. Sometimes, the capital bonus with the dividend added far exceeds their own profit rate on capital. Some enterprises also change the profits retained for the state or even the depreciation fund of state assets into shares collectively owned by workers, and turn the proceeds on the state assets over to the collective.

4. Some enterprises consume the capital of state assets in carrying out contractual management. They are seriously shortsighted. When inflation swells, it is hard to meet the requirements in renewing fixed assets even using the depreciation fund with its value remaining intact. However, some enterprises still try to create false profits without touching the depreciation fund and the fund for major overhauls by making payments on credit, or create false losses by making false entries, using cost markups, and retaining revenues for their own uses. All this causes serious losses of state assets. According to a sampling survey, the replacement value of the existing fixed assets in various enterprises exceeds the original value by at least 50 percent. It reaches 100-200 percent in some enterprises. If we make a calculation on a 50-percent basis, the budgetary state-owned enterprises in the whole country undercharge the depreciation fund by 25 billion yuan each year. (Footnote 4)(REFERENCE FOR ECONOMIC STUDIES, 1995, Issue 43, "A Superficial Discussion of Losses of State Assets and Reasons" by Xu Jinhuang.)

5. The management of enterprises is chaotic, and the actual value of their properties accumulated over a long time is not so clear. Taking advantage of the change of the accounting system, some enterprises write off the balance of all types of special funds so as to reduce the amount of state capital and public surplus fund. Discrepancy between actual state assets and the figures on the books is quite common with the value of unlisted properties constantly rising. According to surveys conducted in some localities, the value of unlisted assets of all types exceeds that of the assets on the books by at least 20 percent. A calculation on this basis shows that the total amount of unlisted assets in the whole country would exceed hundreds of billion yuan. Thus, a large amount of state assets are not being

supervised and managed by the state. This also makes things convenient for some units and individuals to encroach upon state assets.

**C. Losses of financial state assets.** As of now, the amount of losses of China's financial state assets exceeds at least 300 billion yuan, accounting for more than 10 percent of the total amount of financial state assets. Such losses are mainly manifested as follows:

1. Loans are often delinquent because of administrative interferences. Each year, financial institutions have to spend a considerable amount of their money to make payments in advance for the losses of those insolvent enterprises and projects with poor economic performances, and extend loans for "promoting stability and unity," loans to enliven enterprises, and loans to enterprises in special straightened circumstances. A large percentage of these loans becomes workers' wages and funds for consumption. Some local governments also violate relevant state regulations, and arbitrarily ask banks to stop charging interest on their loans to enterprises and put them in a credit account.

2. Some enterprises try to evade their liabilities to the banks by joining investment with other enterprises or participating in each other's business by shares. Some enterprises with loans use their bank loans as their capital to form joint ventures when they join investment with businesses at home or abroad, while the creditor banks and the newly formed joint ventures have no debtor-creditor relationship. The original enterprise is still responsible for paying the debts. Thus, the bank loans are a form of losses of assets.

3. Some enterprises let bank loans hang in the air by leasing fixed assets and permitting local people to run state-owned assets. In these enterprises, a part of their assets is acquired by the use of bank loans. Many leaseholders and contractors clearly state that they have no liabilities for the bank loans. The enterprises only pay a certain amount of lease and management fees each year. Only when they have surplus funds, are they able to repay the bank loans. The loanee is only an empty shell, although bank loans are acknowledged. No one is going to repay bank loans. For example, the policy of letting local people run state enterprises and allowing the private sector to run public properties with emphasis on contracting out state assets was introduced in Huanggang Prefecture in Hubei Province. There were 54 state-owned business enterprises contracted out to more than 1,000 different business managers. The lease fees paid by the leaseholders are just enough to pay original workers in the enterprises for their living expenses. The debts fall on the original enterprises



which only have "empty shells," leaving loans of 160 million yuan and their interest up in the air.

4. When enterprises reappraise their assets and funds, they do not invite the banks to participate in such activities. Therefore, the banks do not know the whereabouts of the assets which are acquired by the use of loans. They know little about how the debts payable and debts receivable are handled and how the accounts are settled. As a result, the loans and assets acquired by the use of such loans are separated.

5. Losses caused by fraud, corruption, and embezzlement. Due to the chaotic financial situation, the number of cases involving lawbreakers who commit corruption, larceny, embezzlement, bribery, and bank fraud is rising every year, and the amount involved is rapidly increasing.

6. Losses of bank profits. According to surveys conducted in various localities, the amount of public funds deposited in the bank as private funds accounts for 5-10 percent of the total amount of deposits in financial institutions. It is calculated on this basis that the total amount of public funds deposited as private ones exceeds 100 billion yuan. Banks lose 3 billion yuan annually in interest income. In addition, some banks try hard to hold back their profits for their own use, creating losses of state assets.

**D. Losses of resource assets.** In all state-owned assets, resources are the most fundamental asset, and their proportion is the largest. Their total value is approximately 128 trillion yuan, far greater than the total amount of operating and nonoperating assets of 3.5 trillion yuan. Many cases about the erosion of such assets have been reported, but right now, it is hard to estimate a total amount of such losses. Such losses are manifested as follows:

1. Losses of resource assets are serious due to exhaustive mining and excavation. The local governments in places with abundant natural resources are neglectful in carrying out planning and management in the development of natural resources. With the lack of technology, prospecting, funds, and data, they favor state-owned but locally administered or collectively managed enterprises in the development of natural resources. They even encourage self-employed units to indiscriminately tap natural resources in order to develop the local economy. As a result, mineral resources and the environment in the mining areas have been seriously destroyed. Right now, there are 100,000 gold miners in China. Nearly 100 gold mines are disappearing or have disappeared on the earth under exhaustive mining. The whereabouts of several hundred thousand liang of gold are unknown every year. One of the ore districts of the Nanping Lead-

Zinc Mine in Yunnan is only 7 sq km in area. There are 40 units and more than 80 mining groups digging ore in more than 40 pits there. About 7-8 tons of ore reserve are wasted for each ton of ore excavated.

2. Efficiency is low in developing and using resources, and the consumption of such resources is excessive. Typical examples are: There are serious wastes of land for urban construction. About 4-5 percent of such land is lying idle; and 40 percent of the land is not efficiently used. The losses in this connection have totaled approximately 80 billion yuan every year. The area of land used for urban industries is twice of that used abroad, and the land used by industries is larger than that used by similar industries abroad by 100 to 200 percent. Between 1957 and 1986, the area of arable land was reduced by 8 million mu each year. In 1993 alone, it was reduced by 6 million mu. The recovery rate of mineral resources in China is 10-20 percent lower than that in foreign countries. The recovery ratio in mining and dressing is only 30-50 percent in average, and the rate of coal recovery is 10-50 percent. The per-unit consumption of industrial water exceeds the average international standard by more than 10 times. The rate of water recycling is merely 20-40 percent, while in developed nations it is more than 75 percent. The degeneration of grassland resource is extremely serious due to excessive grazing, irrational land reclamation and natural disasters. The production capacity is only 10 percent and 5 percent of that in Australia and the United States respectively. (Footnote 5)(REFERENCE FOR ECONOMIC STUDIES, 1 June 1995, Issue 684, "Actively Promote Progress in Assets Management.")

**E. Losses of assets in Sino-foreign joint investment and property rights transactions.**

1. Some Sino-foreign joint ventures do not properly appraise the Chinese assets according to regulations. They usually underestimate or refuse to appraise the Chinese assets. They often count the Chinese shares on the basis of net book value, or only appraise the tangible assets. They do not count the intangible assets and land. As a result, the percentage of Chinese assets descends, and the rights and interests of state assets come to harm. According to statistics, more than 5,000 of the 8,550-odd state-owned enterprises in China in 1992 had become Sino-foreign ventures without going through the appraisal procedure. The total Chinese investment came to 67.5 billion yuan. It is estimated on the basis of the growth rate of appraised assets that the losses of state assets in this connection alone exceeded 46 billion yuan.

2. Foreign businesses sell state-owned enterprises for a quick profit. First of all, foreign businesses purchase state assets (by acquisition and merger; the same below).



Then, they change their appearances, renovate them and sell them on the market abroad as if they are ordinary merchandise, and reap a staggering profit. Usually they hold more than 50 of the shares, but they net 100 percent profit from the foreign market. Generally they make a little down payment, and some of them even make installed down payments. However, the funds raised on the market abroad is approximately 10 times that of the total assets of the enterprise on sale. With the funds raised on the foreign market, the foreign businesses have enough money to pay off the first enterprise they sold, but also to start to purchase the second or even third state-owned enterprise. They keep on buying state-owned enterprises and selling on the market, and snowballing their profits. Right now, there is a new trend in selling state assets for a quick profit. They change their tactics of making general purchases to that of buying major medium-sized enterprises with fairly good economic returns. They change the practice of buying state-owned enterprises at random in the past to purchasing major enterprises of the same industry in different localities in order to form a monopoly in that particular industry. This also attracts the attention of the enterprises run by the private sector in China. They even claim that selling state-owned enterprises to make a quick profit is the "best business opportunity in the 20th Century." No one can resist the lure of money!

3. The method of price transfer used by foreign businesses causes indirect losses of state assets. Chinese enterprises do not fully understand the international market. The mechanism of commodity circulation of many Sino-foreign joint ventures is in the hands of foreign businessmen. They often sell finished products at a lower price to the enterprises abroad under the same administration, while importing raw materials and equipment at a high price. This has created a false accounting loss and permitted foreign businesses to seize the profits of the enterprise, which should be turned over to the state, and the profits which the Chinese investors should make. About 51.1 percent of the Chinese-foreign joint ventures, cooperative enterprises and enterprises exclusively owned by foreign capital in Guangdong Province suffer a deficit on the surface, but foreign businesses still keep on making more investment there. This creates the strange phenomenon of joint ventures suffering losses but expanding their business operations every year. According to a survey conducted by Chinese scholars on foreign businessmen's behavior in price transfer in 1990, the import price of 124 of the 1,500 varieties of commodities produced by the Sino-foreign joint ventures, cooperative enterprises and enterprises exclusively owned by foreign businessmen was higher than the domestic net price. The export prices of 428 varieties of such products were lower than the domes-

tic net prices; those of 174 varieties of such products were lower than the prices quoted by professional co-operations; and those of 210 varieties of such products were lower than the prices quoted by corporations which combine industry with trade. The total value of price transfer made by Foreign businessmen came to 6.145 billion yuan. It is estimated on the basis of the aforementioned three kinds of prices that the transfer values of foreign businesses were 85.4 percent, 145.63 percent, and 189.74 percent respectively of the total amount of direct investment attracted by China in that particular year. (Footnote 6)(REFORM, 1994, Issue No. 5, "Could It Be Said That There Is No Flag for Capital," by Wang Zhenzhong.)

4. Cases involving fraud and abscondence with money are reported from time to time. Many enterprise units basically do not understand the situation of companies abroad. They sign contracts with foreign businesses on the basis of someone's recommendation, and remit a large amount of money abroad to purchase products. Some of them have got a heap of scrap iron or some obsolete equipment that no one is using in China, while others draw no response after the remittance is made. Later, it is understood that the foreign company has already declared bankruptcy and left no forwarding address.

In addition, there is a clue that state assets abroad are draining away. Many state-owned enterprises register themselves abroad in the name of private citizens. The units inside the country often turn a blind eye to this situation. After a long time, large quantities of state assets become private properties. Some other enterprises seek to make investment abroad so as to achieve the goal of a capital exodus. Sometimes, they still insist on making investments abroad, even though they know that they are unable to recoup the capital outlay.

## II. Probe Contributing Factors

Signs of drainage have shown up in the economic activities of state-owned units since the founding of new China. Prior to the development of the reform and opening program, they were called wastes. If it is said that wastes are due to poor management or lack of awareness, then the losses of state assets in recent years should have been caused by the desire of small cliques and individuals to seek partial interests for themselves. This is not to be covered by the so-called "wastes" in the ordinary sense.

A. In managing state assets, there are many varieties of major property owners, but the actual ownership is unclear. On the one hand, many departments are managing state assets. There is ambiguity between

the power and the duties of various departments. The various ministries and commissions (bureaus) under the State Council and the local governments at all levels (particularly the relevant departments of various trades) exercise proprietary rights on behalf of the state. State-owned assets in various enterprises are subject to the repetitious control by the government institutions at different levels. On the other hand, large quantities of state assets are being used by enterprises. It is unclear who actually represents state ownership. In exercising the ownership of a legal person, the legal person in an enterprise is unclear of his duties. Thus, it is hard to exercise state ownership in the economic realm. All this accelerates the drainage of state assets.

**B. In the investment system, major investors are separated from major owners and managers of assets. There is a lack of efficient mechanisms for limiting liabilities.** In incremental management of state assets, there is little coordination between those who make investments in state assets and those who manage them. In a construction project with state investment, there is no close coordination between fundraising, construction, production, and management. The project management department only covers the stage from fundraising to the completion of the project, while the production department is responsible for managing and running the project after it is completed and put into production. The investment decisionmaker assumes no risks. The builder does not concern himself with production and management. Those who come forward to borrow money have nothing to do with repayment. Therefore, in the course of making a policy decision, the policymaker often pays little attention to marketability of products, investment performance, or investment recovery. In the course of construction, staff members and workers are transferred from other units to work on the project only when construction is about to start. After the project is completed, they break up. They only learn lessons about the losses of state assets and about wastes in this project once. They seldom have a second chance.

**C. In the course of economic development, functions of government are not separated from those of enterprise management.** Shortsightedness, local protectionism, and departmentalism do directly harm state assets. The practice of seeking self-sufficiency in production and becoming big and self-contained or small and self-contained in industrial structure causes many resources to lie idle. No matter whether there is enough local manpower or material and technical resources, many localities work feverishly to develop the processing industry for local raw materials, and vie for raw materials and market with the key construction projects of the state.

Many projects are able to start and survive by relying on administrative decrees, tax reduction and exemption, market closure, and other administrative protective measures. Being congenitally deficient, they try to hang on after they are completed and put into operation. The state has little chance to recover its investment for a long time.

Mistakes in making policy decisions and poor management have brought about losses of state assets. There is not enough proof and scientific market forecasts in making investment decisions. Projects are examined and approved subjectively, arbitrarily, and blindly. Thus, many investment projects end in failure. Many localities vie with one another in developing large and medium-sized construction projects in disregard of objective conditions. In order to attract investment from the central authorities, the feasibility reports of some projects are doubtful. Only when projects have entered the stage of construction and production, do the policymakers discover the problems of unreasonable geographical location and the shortage of supporting facilities, raw material supplies, and market demand. By that time, a large amount of funds have already been invested, the state has no other choice but to make an additional investment to make up for the losses, thus creating new wastes.

The mentality for economic development under the guidance of departmental protectionism is to protect partial interests and the interests of individuals and small cliques. In places where natural resources abound, various units and individuals are allowed to engage in exhaustive mining. Natural resources of the state have drained away in large amount, and disputes on mining rights have continuously flared up. On the issue of repaying bank loans, the idea entertained by some local governments is that "banks belong to the central authorities, while enterprises are local enterprises." Their administrative interferences often tend to favor the enterprises. In carrying out economic cooperation with foreign countries, the reason why foreign businesses can easily sell state-owned enterprises to make a quick profit is that the local government has the authority to examine and approve applications without having to refer them to the central authorities for approval. Also, by selling state-owned enterprises through foreign businesses, the local governments may be able to turn some property rights with indistinct ownership into de facto ownership of the local government or something from which the local government is able to receive the proceeds. What is the sense of not doing that?

**D. The market for property rights is unhealthy and transactions in property rights are irregular.** Right now, there are losses caused by irregular transactions as well as by a sluggish market for such transactions. On



this issue, we have not understood the market rules well, and failed to completely break away from the traditional mode of management under a planned economy.

A considerable part of the state assets inventory has been poorly managed over a long period of time. Meanwhile, we lack a kind of operating mechanism to pull out state property rights from enterprises with poor economic performances and reinvest them in enterprises with good economic performances. The losses thus created are also important aspects of the losses of state assets. This has something to do with the traditional practice of emphasizing actual management while paying little attention to value management in handling state property rights. Although we have stock markets, and some enterprises have also implemented the shareholding system, most of the state shares are not allowed to trade in the secondary market. The market value of such shares remains a conceptual value. It is impossible to become marketable. The government also cannot dump their state shares to avoid risk and the losses of state assets, when the performances of the enterprises deteriorates. For the same reason, the state cannot seize the opportunity of a bullish stock market to sell some state shares to increase the value of state assets so as to raise more capital for reinvestment.

On the issue of managing state-owned resource assets, the traditional system subjectively denies their economic value. It does not include this value into the system in calculating the national economy, and believes that resources are inexhaustible and free in developing the economy. It relies on the operational mechanism of planned appropriation and budgetary fund allocation and the free access and use by any department, unit, and individual for the development and use of resources. This hampers efforts to optimize the allocation of resources and use the value created for reinvestment to create a virtuous cycle.

The relationship between banks and enterprises is built under the system of long-term planning through administrative means. The enterprises are given equal treatments by the banks regardless of their performances, and funds are supplied on a maintenance basis. This kind of abnormal relationship of subordination and dependency in defiance of the market mechanism has generated excessive bad debts in the banks.

**E. To blindly worship foreign investment has become a common practice. There is a lack of awareness in protecting national industries.** There is no effective mechanism of supervision and control over foreign financial investment. Foreign businesses are often given better treatment than Chinese citizens. For example, there are rules and regulations for foreign businesses

to reduce and remit taxes and to simplify the procedure for examination and approval of their applications. As a result, many foreign businesses use China's preferential policy and the structural differences between China and foreign countries to reap profits in merging with and buying state-owned enterprises. It is utterly impossible for Chinese businesses to have such privileges in merging with and buying state-owned enterprises.

Various localities in the country generally take the amount of equity of joint ventures as an important index in evaluating the economic development and the achievements of the leadership in a certain locality. Therefore, quantity is regarded as something more important than quality in forming joint ventures. Some of the localities try to attract foreign investment at any cost. In addition, they often lack experience in dealing with foreign businesses. The parties which seek investment partners often find themselves in a passive position, and sacrifice the legitimate rights and interests of state properties in order to attract foreign investment. Many joint ventures are formed and enterprises merged and purchased at the cost of stock rights, and the market and business reputation of state-owned enterprises so that an individual leading comrade may show his achievements in his official career.

Even the Western market economic nations have to limit foreign businesses in merging and purchasing their state-owned enterprises from the national security point of view. For example, they exercise strict control over foreign businesses to merge with and purchase their enterprises in the sensitive industries. In China, there is a trend of certain industries being monopolized by foreign businesses. For example, U.S. capital has monopolized China's computer, telecommunications, aircraft manufacturing, cosmetics, elevator and pharmaceutical industries, while French and German investments have monopolized China's automobile industry. Similar trends prevail in food and instrument industries. The monopolization of some industries by foreign capital may lead to the transfer of the power of decisionmaking in developing the economy and erode China's economic foundation. In this connection, our worries are not limited to the losses of state assets alone.

**F. The legal system is unsound. There are no set standards in managing and handling state-owned assets.** Although some rules and regulations on managing state-owned assets were formulated in the past, they have appeared feeble and helpless as lawbreakers keep on changing their tactics in seizing state-owned assets. In China, whenever management should be strengthened in a certain field, the People's Congress enacts a law right away. This practice is beyond reproach. The "Law of State Assets Management" is now under deliberation. It



seems to come out at any time. However, the problem is that there are state assets in every industry and trade and in every field. This problem cannot be solved by enacting this law only. In our future legislation, we should foster the concept of protecting state-owned assets, and revise existing regulations involving state-owned assets to avoid conflicts and plug loopholes.

### III. Several Countermeasures

In a society of public ownership, all state assets belong to the whole people. In managing and handling such assets, any unfair practice against the will of the people will inevitably create an imbalance in social equity. Therefore, stopping the drainage of state assets has already gone beyond the limits in pure studies of economics. It should be studied from the angle of maintaining stability in state power.

To do a good job in managing state assets, we must pay attention to the following tasks: 1) It is necessary to carry out the basic work in managing state assets, and ascertain the actual amount of state assets. 2) It is essential to strengthen dynamic management of state assets including the management of new assets, transactions of property rights, and the debts payable and debts receivable in Sino-foreign joint ventures, banks, and enterprises. 3) It is imperative to develop systems including the legal system and systems in various realms involving the management of state assets. These three tasks should be carried out simultaneously and in a coordinated manner. Only then will it be possible to get twofold results with half the efforts, and leave nothing out.

**A. We should perform our basic tasks well in protecting existing state assets.** This includes checking the stocks of existing assets, appraising such assets, defining and registering property rights, and establishing the system of compiling indexes in maintaining and increasing the value of state assets and the system of writing and submitting statistic reports on such assets. Efforts must be made to gradually set up the system of analyzing and appraising assets in enterprises under the direct supervision and control of the state; to establish and improve the system of assessing the preservation of and increase the value of state assets; and to insure that state assets are managed efficiently and properly appraised. Meanwhile, it is suggested that the state conduct a sampling survey on the losses of state resource assets, on the total investment in fixed assets and financial assets, on the stocks of assets in state-owned enterprises and nonprofit institutions, and on the losses of state properties in Sino-foreign joint ventures and during property rights transactions so as

to understand the overall situation in the losses of state assets.

**B. We should reform the investment system.** For newly claimed state assets, we should turn major investors into major owners of property rights. There should be a new operating system for new state assets. Before the property ownership is clearly determined for the stocks of assets in state-owned enterprises, we must first ascertain title owners of the incremental state assets including capital construction and technical innovation projects and the investment made with the state circulating fund, and make sure that they assume all due responsibilities. Only by imposing restrictions on the enterprises in dealing with property rights, can we avoid and reduce losses of newly acquired state assets. We should establish an integrated management system based on the principle that whoever invests should make policy decision, receive benefits, and assume responsibility; and try to turn major investors into major owners of property rights.

**C. We should develop and standardize the market for transferring property rights.** The fundamental way to prevent the losses of state assets during the transfer of property rights is to establish the property ownership of the enterprise instead of stopping all transactions of property rights. The current principle for the transfer of state-owned property rights should be as follows: "Assets should be appraised according to law. Payment should be made for the transfer of assets. There should be open competition for the transfer of assets. Proceeds from the transfer of assets should be used for reinvestment." It means that prior to the transfer, it is necessary to appraise the state assets, and payment must be made for the transfer of such assets. The practice of granting state and collective assets without compensation to individual workers is not permitted. The transfer must be made impartially, fairly, and openly, and the price for the transfer be determined through market competition. The proceeds from the transfer of assets should be mainly used for reinvestment in state assets, although a part of the proceeds may be used as a workers' insurance fund with the approval of a competent department. In view of the losses of state assets during the transfer of property rights, we must standardize the procedure in transferring property rights on the market. We must clearly identify the principal seller of the property rights and identify the proper examination and approval organ for such a sale. We should strictly follow the procedure in transferring property rights, and act according to law and on the basis of market supply and demand. We should strictly distinguish the administrative department of the enterprise from the representative of the state assets,

and put the proceeds from the sale of an enterprise's property rights to good use.

**D. The government must strengthen its supervision and control and its guidance over foreign businesses that seek to merge with and purchase state-owned enterprises.** Foreign businesses should be allowed to merge with and purchase state-owned enterprises if their action will not harm the legitimate rights and interests of the state-owned property rights, and undermine our national security in the economic realm. It is necessary to strictly distinguish the transfer of state-owned property rights from Sino-foreign joint investment. When a foreign business holds more than 50 percent of the shares of a Chinese enterprise, it has actually purchased the enterprise. It is an economic act essentially different from a foreign investment in any Sino-foreign joint venture. The government should strengthen its supervision and control and its guidance over foreign businesses that seek to merge with and purchase state-owned enterprises with emphasis on market orientation. It should formulate a policy for foreign businesses to merge with and purchase state-owned enterprises in different trades, and ensure that Chinese and foreign businesses enjoy equal privileges in the transfer of state property rights instead of giving excessively preferential treatments to foreign businesses. As for the merge and purchase of enterprises which affect the national economy or the people's livelihood, the government should clearly assign a government organ at a particular level to examine and approve applications in this connection. It must ban any deal which will allow the merger or purchaser to monopolize a particular trade or area, or suppress fair competition. It should also ban illegitimate financing and fraudulent conducts, and prohibit any act of merging and purchasing which will infringe upon the interests of the shareholders and employees of the enterprise. It is forbidden to engage in de facto transactions of property rights under the name of any joint venture.

Exchanges in property rights should establish themselves domestically first. We should encourage state-owned enterprises with good economic performances to merge with or purchase those that are not doing well. It is necessary to protect state-owned enterprises with good economic performances, and readjust the policy to attract foreign investment. Foreign capital should be introduced with the prerequisite that it will not harm our national industries. We should firmly believe that China itself has the ability to develop our profitmaking enterprises even better and that it has the right to enjoy the proceeds yielded by them.

**E. We must establish a system to manage state-owned resources on the market principle.** Only when the development, sale, and transfer of resources are

carried out on the basis of market supply and demand, will the value of such resources be ascertained and established, and the state ownership be maintained and economically reflected. Developing resources on the basis of market supply and demand is aimed at bringing into full play the market mechanism of encouragement and suppression, optimizing the allocation of resources, and promoting a virtuous development. On the other hand, developers would cherish natural resources and pay more attention to their technological progress, when they realize that resources are something "purchased" and that they are a part of operating cost. Only then, would they put the resources to the best use, and work harder than ever for subsistence and development. When the state resources industry changes its nonprofit operating mechanism into one of a business operation, it will help increase investment, optimize the allocation of resources, ensure that managers are able to make their own decisions about their operation, develop and use resources rationally, efficiently, and economically, and develop resources while taking ecological environment into consideration.

**F. We should establish a new relationship between banks and enterprises, raise the quality of assets in the hands of state commercial banks, and clear up bad financial claims and bad debts between banks and enterprises.** The key to halting the drainage of financial assets is that banks must improve the quality of credit assets and loan structure; ameliorate the internal credit management system and rules in this connection; standardize the bank procedure for credit control; and make policy decisions with a scientific approach. We must increase our awareness in risk management, gradually develop a safety mechanism for loans, and establish and improve the responsibility system to avoid loan risks.

—State banks should apply different policies for different enterprises. They must fully support large and highly competitive enterprises with a bright future. In dealing with loss-making enterprises, we must try to dissolve the stocks of their assets, prevent the growth of their debts by permitting them to buy and sell on credit and readjust and reorganize themselves, and guard against losses of and the improper use of credit funds. We should further expand businesses on commercial note discount, place commercial standing of enterprise under the control of the bank, and help enterprises break away from the debt chains and restore their social creditability.

—Banks should actively help those enterprises that have changed their management system to check and appraise their assets, and control their debts payable and debts receivable. They should protect their own financial claims in enterprises that are changing their



management systems. As for new loans, the banks should energetically recommend mortgage loans.

—Banks should try to turn their bad debts into investment. When an enterprise is unable to repay loans, and its financial burden is becoming heavier and heavier, the banks should consider the establishment of an investment fund to help an enterprise change its management system. That means to transfer the sedimented part of the loans to the enterprise into this fund, and turn bad debts into shares held by investors in the fund, thus effecting a change of the form of financial claims to the enterprise.

—We should establish intermediary organizations to act as agents to handle bad debts. Banks may turn over bad debts to a third-party intermediary organ for handling. After buying the banks' bad debts, the intermediary organ will try to dissolve the bad debts by using methods such as business invitation, leasing, transfer and sale by auction.

—Banks may turn their financial claims to enterprises into negotiable securities. The government may issue long-term bonds to replace the delinquent banks loans to the enterprises. Also, the state may set up a special corporation for debts of state enterprises to help enterprises with financial difficulties deal with their liabilities.

**G. We should improve our legal system, and step up our efforts in imposing penalties.** Besides our efforts to quickly enact the "Law of State Assets" now under deliberation, we should carefully examine and revise in a timely manner the legal provisions in the existing "Bankruptcy Law," "Corporation Law," "Banking Law," "Criminal Law," and the laws concerning Sino-foreign joint ventures that are harmful to protecting state assets.

**\*PRC: Provinces Strive To Develop Township Enterprises in 1996**

96CE0269A Beijing JINGJI CANKAO BAO  
in Chinese 14 Apr 96 p 1

[Article by Ye Jianping (0673 1696 1627): "Township Enterprises In the Eastern and Western Regions 'Pull Out All the Stops'—the Coast 'Ignores Past Glory and Starts Over'; the Interior 'Goes All Out Without Being Pushed'"]

[FBIS Translated Text] In the first year of the Ninth Five-Year Plan, China's eastern and western regions are pulling out all the stops to develop township enterprises to make sure that the country's overall economic strength reaches new heights. The impression this reporter has come away with after gathering news at the Ministry of Agriculture is that the eastern region

has a high starting point and lofty goals and is prepared to outshine everybody again; the central and western parts refuse to be left behind and are going all out without being pushed as they strive to achieve new breakthroughs.

In the first three months, township enterprises in the eastern region had new prospects for the new year. They continued to grow rapidly, at a rate of 33.4 percent. Township enterprises grew the fastest in Jiangsu Province, and this year, they came up with a new developmental idea that "wrapped around the 'two accelerations' and planted its foothold on the 'two changes' to give play to their advantages and remedy their shortcomings to come out on top again." In the southern Jiangsu area, they decided to focus on quality and use quality to improve quantity, and in the northern Jiangsu area, they decided to focus on quantity and try to improve quality by building quantity. For the province as a whole, they wanted township enterprises to double their 1995 economic value to keep the province in the lead. By the year 2000, they hoped their output value would reach 2.7 trillion yuan, their profit tax would top 100 billion yuan, and export value would top 500 billion yuan. Shandong Province wanted their township enterprises to reach a 16-percent growth rate during the Ninth Five-Year Plan period, which would be higher than the national average. They came up with the idea of "making the market their guide, development their theme, and reform their motive force in promoting scientific and technological progress to improve overall quality, operational achievement, and economic efficiency." Meanwhile, Anhui Province considered its own condition and came up with the slogan, "Township Enterprises Taking Off Again," and was prepared to "cover heaven and earth" to build volume while striving to "reach heaven above and earth below" to develop mainstay industries. Shanghai Municipality, on the other hand, stayed with last year's method and continued to set aside 100 million yuan to provide special discounted loans to help township enterprises pursue technological transformations.

The central and western regions are still vigorously working to catch up to the east. The central region in particular continued to outgrow the east by 10 percentage points in the first three months of this year. This achievement was due mainly to the stepped-up investments. The Inner Mongolia Autonomous Region added some township enterprises investment channels and also raised the percentage of some regular investments. This year, the autonomous region turned 4.6 million yuan in discounted government loans, 46 million yuan in revolving funds, 50 percent of the "Spark Project" loans, 100 percent of the "commercial-industrial-agricultural"



projects and special minority nationalities discounted loans, and 60 percent of the poverty-relief loans to its township enterprises. The autonomous region's government also decided to set aside 5 million yuan each year to reward units and individuals for exceptional achievements in developing township enterprises. Guangxi Zhuang Autonomous Region's government decided to set aside 1 million yuan this year to aid the poverty-stricken areas after guaranteeing annual increases in revolving funds. In addition, it also decided to allocate 3 million yuan in special funds each year to reward localities and individuals who successfully developed township enterprises. Hubei Province's budgeted circulation fund allocated for township enterprises was increased from 20 million to 50 million yuan this year as it prepared to set aside a fixed percentage of the "Using Science and Education To Vitalize Hubei Fund" for township enterprises. The province also earmarked 60 percent of its "Aid-Poverty Assault Fund" for developing township enterprises. This year, Sichuan Province has raised its allocation of circulation funds for township enterprises to 60 million yuan, 10 million yuan more than last year.

While vigorously stepping up investments, the central and western regions also strengthened their leadership and support toward township enterprises in terms of organ installation and personnel assignment. Hubei Province asked that more than 70 percent of the cadres at the town and township levels focus on developing township enterprises. In Guangxi, more than 95 percent of the counties (cities and districts) and townships (towns) put full-time and part-time cadres in charge and stipulated that township level organs serving township enterprises were deemed state institutions under the ownership-by-the-whole-people system. Meanwhile, Sichuan formally designated its township enterprise bureau a functionary organ directly under the provincial government's jurisdiction and kept the township enterprise bureaus in the cities and counties as essential organs.

### Agriculture

**PRC: Zhu Rongji Urges Aid for Rural Areas, Economy, Farmers**

OW0907151396 Beijing XINHUA in English  
1403 GMT 9 Jul 96

[FBIS Transcribed Text] Lanzhou, July 9 (XINHUA) — China's Vice-Premier Zhu Rongji has called for greater efforts be made to aid the poor in the country's rural areas, and to invigorate the rural economy.

While inspecting northwest China's Gansu Province from June 29 to July 5, Zhu told local officials that the government's major national policy is to solve food

problems for most poor rural residents by the end of the century.

He said, "the campaign of aiding the poor involves the rural economy, agricultural development and the livelihoods of rural residents. It is an important issue for narrowing the difference between town and country, between workers and farmers, and between different regions."

He went on to say: "If the rural economy in central and western China which accounts for two-thirds of China's territory can not grow rapidly, and if the earnings of rural residents in the area cannot increase, state-owned manufacturers would lack the markets on which they depend for development, and it would be impossible for China to improve its overall economic returns and create a socialist market economy."

During his stay in Gansu, Zhu, who is also a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, visited farmer families in central Gansu, an arid and underdeveloped area.

He told local farmers that the Chinese Communist Party Central Committee and the State Council, China's highest administrative body, have taken effective and feasible measures to aid poor areas in eliminating poverty.

He called on people in poor areas to do all they can to eliminate poverty at an early date.

The vice-premier also expressed support to the efforts of the governments and people in arid area in northwest China to combine the undertakings of major water-diversion projects with the control of soil erosion in valleys.

Zhu Rongji also inspected the Liujiaxia Hydroelectric Power Station on the Yellow River and a number of state-owned enterprises, and held talks with executives of nine major state-owned enterprises in the Gansu provincial capital of Lanzhou.

He noted that it is unrealistic to use one model, or one method, to solve all problems overnight that state-owned enterprises have encountered, because the problems are left over from history.

He promised the government has already taken, and will take, a series of measures to help state-owned enterprises overcome their difficulties.

**PRC: National Training Project To Boost Farmers' Output, Income**

*HK1007092696 Beijing CHINA DAILY in English  
10 Jul 96 p 2*

[By Chen Chunmei: "Farmer Training Stepped Up"]

[PTS Transcribed Text for FBIS] The Ministry of Agriculture is kicking off a national project to arm rural farmers and workers with agro-techniques, to fulfil its dual target of boosting farm output and farmers' income.

The Green Certificate Project, based on five years of extensive experimentation, is being launched nationwide.

The certificate will prove a farmer is qualified to take on sophisticated contract projects, thus increasing earning power while ensuring State farm production goals are met.

The project will gradually develop into a regular vocational training system for all farmers in the next five to 15 years, according to ministry official Liu Ying.

Drawing upon the foreign practice of issuing qualification certificates to agricultural workers, the ministry will award "green certificates" to Chinese farmers who master agro-technical skills after training.

China is currently implementing a programme to develop agriculture and the rural economy by promotion of science and technology.

But thus far only an insignificant percentage of farmers have had access to either academic farming education or practical agro-technical training, Liu said.

More than 2 million farmers in 800 pilot counties have attended training programmes in the past five years, of whom 300,000 have earned certificates.

But to carry out the project nationwide poses the thorniest problem.

Special funds are especially needed, Liu said. Except for Guangxi's annual 2-million-yuan (\$240,000) special fund, the ministry and other provinces have to divert funds from other sectors to finance the training programme.

Many provinces, municipalities and autonomous regions regard the project as an effective way to increase farm prosperity, the official added.

The ministry will also strengthen the management of certificate granting to ensure the certificate retains meaning, Liu said.

Farmers get the certificates only after earning 300 credits and proving practical skills, literally in the field.

Study covers more than 100 specific sectors concerning agriculture, forestry, water conservancy construction, aquaculture, agricultural machinery and others.

Farmers can further their study in higher certificate programmes.

The farmers' occupational education office under the Ministry of Agriculture is working with the State Education Commission, in a bid to spread agricultural technology to rural students' school curricula.

According to the ministry's plan, by the year 2000, when 10 million certificate holders are expected to have graduated, one in every 20 households will have a member who holds a green certificate.

It is expected 60 per cent of agricultural scientific and technological achievements nationwide will then be applied to farm production through these professionally trained farmers.

**PRC: Higher Incomes, Lighter Burdens for Shanghai Farmers**

*OW1007084896 Beijing XINHUA in English  
0814 GMT 10 Jul 96*

[FBIS Transcribed Text] Shanghai, July 10 (XINHUA) — Per capita annual income of farmers in rural Shanghai, one of the most developed regions in China, has risen to 4,200 yuan, the highest in rural parts of China.

Various kinds of government tolls per person have also been cut to 53 yuan a year, accounting for only a little more than 1 percent of their annual income, lower than the national average of five percent.

A local agricultural official says that this has been accompanied by vigorous rural economic development, a growth in the number of ways of making money, and stricter controls on toll collection.

In recent years, the city has cancelled charges on farmers for 63 items.

**PRC: Government Project To Step Up Farmer Training Viewed**

*OW1007052796 Beijing XINHUA in English  
0150 GMT 10 Jul 96*

[FBIS Transcribed Text] Beijing, July 10 (XINHUA) — China is kicking off a national project to arm rural farmers and workers with agro-techniques, to fulfil its dual target of boosting farm output and farmer's income, today's China Daily quoted officials with the Ministry of Agriculture as saying.

The Green Certificate project, based on five years of extensive experimentation, is being launched nationwide

10 July 1996

and it will gradually develop into a regular vocational training system for all farmers in the next five to 15 years, the paper said.

China is currently implementing a program to develop agriculture and rural economy by promotion of science and technology.

**PRC: Jiangsu Reports Successful Summer Harvest**  
OW0807135896 Beijing ZHONGGUO XINWEN SHE  
in English 1130 GMT 8 Jul 96

[FBIS Transcribed Text] Nanjing, July 8 (CNS) —  
Despite being jinxed by all kinds of natural disasters

throughout the current farming season, Jiangsu Province has, against all odds, managed to record an 11.9 per cent increase in its summer harvest. Total agricultural production reached some 12 billion kilograms.

Jiangsu's successes have been made possible by increasing the amount of land under cultivation and by producing high yields. Additional agricultural zones were utilised, and an additional one million mu (an equivalent of 66,667 hectares) of wheat-fields were put under seed. Grain yields increased to 298 kilograms/mu and rape seed increased to 142 kilograms/mu.



### East Region

#### PRC: Fujian Procuratorate Work Report

OW0907142696 Fuzhou FUJIAN RIBAO in Chinese  
8 Jun 96 p 7

["Report on the Fujian Provincial People's Procuratorate Work" delivered by Chief Procurator Zheng Yizheng at the Fourth Session of the Eighth Fujian Provincial People's Congress on 8 April 1996]

[FBIS Translated Text] Fellow Deputies:

I am now making a report on the major developments of procuratorial work in 1995 and our views on this year's work for your deliberation and approval and also for valuable comments from provincial Chinese People's Political Consultative Conference [CPPCC] members.

During the past year, under the leadership of party committees and the supervision of people's congresses at various levels, procuratorates in various parts of the country have closely focused on the work of the entire party and nation; resolutely implemented the general plans made by the party Central Committee and the provincial party committee to deepen the anticorruption struggle and safeguard social stability; acted in accordance with the requirements put forth at the Third Session of the Eighth Fujian Provincial People's Congress; upheld the work guidelines of "strictly enforcing the law and vigorously handling cases"; and concentrated efforts on investigating and prosecuting major criminal cases of embezzlement, bribery, favoritism, and fraud. They severely and promptly dealt with serious criminal offenses, took additional steps to strengthen supervision over law enforcement, carried out the construction of their ranks, and scored success in all areas of procuratorial work. As a result, they have actively contributed to safeguarding political and social stability; promoting the building of good party style and clean government; pushing forward the building of socialist democracy and the socialist legal system; and ensuring the smooth progress of Fujian's reform, opening up, and economic construction.

#### I. Deepening the Anticorruption Struggle and Concentrating on Investigating and Prosecuting Major Cases

In 1995, procuratorial organs in all parts of the province continued to focus on investigating and prosecuting criminal cases taking place in leading party and government organs, administrative law enforcement agencies, judicial organs, and economic management departments. They intensified efforts to crack down particularly on crimes committed by leading cadres at or above the county or department level. During the year, they placed on file for investigation and prosecution 2,392

embezzlement, bribery, and other economic criminal cases, a 5.1 percent increase over the previous year. The amount of money involved in these cases totaled 239 million yuan. Of all the cases filed, 1,683 or 70.4 percent involved embezzlement and bribery while 181 involved favoritism, fraud, and dereliction of duties. A total of 822 personnel in leading party and government organs, administrative law enforcement agencies, judicial organs, and economic management departments were investigated and prosecuted for these crimes. Of this number, 190 people were with leading party and government organs, 157 with administrative law enforcement agencies, 268 with judicial organs, and 207 with economic management departments. As of the end of last year, investigation into 2,406 cases and 2,754 people were completed, 2,013 people were placed under investigation and prosecution, and 1,747 people were prosecuted in people's courts. Through the investigation and prosecution of these cases, some 135 million yuan of direct economic losses were recovered by the state and collectives.

1. Concentrating on investigating and prosecuting economic criminal cases involving huge amounts of money. Provincial procuratorial organs investigated 1,843 cases of embezzlement, bribery, and other economic crimes involving more than 10,000 yuan. This represented 77.1 percent of the total number of cases filed for investigation and prosecution and a 10 percent increase over the previous year. Of this total, 74 cases involved more than 500,000 yuan, twice as many as the previous year, and 42 involved more than 1 million yuan. The amount of money involved in embezzlement, bribery, and other economic crimes has become larger and larger in recent years. This was especially true in criminal cases related to banking, negotiable securities, real estate, and other economic hot spots.

2. Putting emphasis on investigating and prosecuting crimes committed by leading cadres at or above the county and department level. Procuratorial organs in our province filed for investigation and prosecution 79 cadres at the county and department level on suspicion of committing embezzlement, bribery, and other crimes. This was the highest number in history. Four of the prosecuted were department-level cadres. Particularly, they seriously investigated and prosecuted 52 leading cadres still in office, including county-level mayors, vice mayors, deputy county heads, and deputy district heads. These people constituted a very small minority of our entire cadres' ranks. Because they relaxed ideological transformation, they were unable to stand the corrosive effect of corrupt ideologies. As a result, they betrayed party principles and got bogged down deeper and deeper in the quagmire of crime. They not only

brought disgrace and ruin to themselves but also seriously harmed our cause. Through the investigation and prosecution of these important cases, the masses have become aware of the strong determination of the party and government to fight corruption and the concrete action they have taken. This has served as a warning to state functionaries and promoted the building of clean and diligent government.

3. Intensifying the investigations of criminal cases involving judicial personnel playing favoritism and committing irregularities, which were sternly criticized by the masses. Procuratorates at all levels persisted in investigating criminal cases involving favoritism and irregularities among judicial personnel, regarding such crimes as the most important target of the anticorruption drive and making headway in the investigations. Throughout the year, the procuratorates received information leading to 233 cases, conducted preliminary investigations of 178 cases, and filed for investigation and prosecution 136 people in 121 cases. These include five leading cadres at the county and section levels and 107 judicial people, accounting for 79 percent of such cases. Of the 113 people in 101 cases whose investigations were completed, 68 people in 60 cases were already transferred to the people's courts for prosecution. At present, judicial personnel who abuse power and break the law in the course of law enforcement have damaged the dignity of the legal system and justice, arousing strong criticisms among the masses. By conducting serious investigations of such cases to uphold justice, the procuratorates received the masses' approval.

4. Effectively and promptly investigating and handling criminal cases of undermining the implementation of the government's major reform measures. Procuratorates at all levels carefully studied problems cropping up in the process of developing a socialist market economy; and penetrated into housing and real estate development, banking and securities, land leases in batches, taxation, and other key trades and areas to unravel major and serious cases. Procuratorates throughout the province investigated and filed for investigation and prosecution 165 economic cases of embezzlement in the banking area; and handled 324 cases of profiteering, issuing fake value-added tax receipts, and tax evasion, including 12 extra large cases each involving more than 10 million yuan, with a total of 314 million yuan in taxable value and 45 million yuan in taxes evaded. The procuratorates also investigated and handled 605 cases of diverting public funds for private use and embezzling state assets in the course of reforming state enterprises; and 107 cases of crimes committed by employees of housing and real estate development and management units. Meanwhile, the procuratorates investigated and filed

for investigation and prosecution 273 cases involving rural grass-roots cadres accepting bribes through leasing land in batches, carrying out construction projects on a trial basis, and contracting enterprises. Through investigating and handling the aforesaid cases, the procuratorates played an active role in ensuring the smooth implementation of major government reform measures, in maintaining the socialist market economic order, in promoting the reform of state enterprises, and in intensifying the construction of grass-roots power organs.

5. Further strengthening the preliminary investigations of reports on crimes. Procuratorates at all levels followed the system of a chief procurator's day and reward for informants with meritorious service, which had proved effective over the years; sternly punished cases of retaliation against informants; and speedily processed information and provided feedback, thereby firing the enthusiasm of the masses in reporting crimes. Throughout the year, the procuratorates received information from the people under their jurisdiction concerning 7,535 cases; of these, 6,642, or 88.1 percent, were bribery and other economic cases. As the number of informants who identified themselves increased, information was easier to be verified. Of the 2,392 economic cases filed for investigation and prosecution last year, 1,382, or 57.8 percent, were unraveled through preliminary investigations of clues from informants. Crime reports from the masses provided the main source for uncovering economic crimes.

6. Taking the initiative to prevent crimes. Fighting as well as preventing crimes and adopting long-term as well as stopgap measures to crack down on embezzlement, bribery, and other economic crimes is the central authorities' consistent policy in the anticorruption drive. In conjunction with criminal investigations, procuratorates at all levels actively publicized the legal system, conducted education on clean government, and helped units in which crimes occurred set up rules and regulations. Longyan and Nanping held exhibitions on the results in punishing embezzlement and bribery, which produced good social benefit. In view of problems brought to light during investigations, the procuratorates analyzed causes, features, and patterns of crimes; promptly made suggestions for prosecution; and helped departments concerned perfect systems, stop loopholes, strengthen management, and ensure a good job in crime prevention. Meanwhile, the procuratorates paid close attention to and stepped up investigations and study of crimes committed by leading cadres and judicial personnel; crimes in banking, securities, and housing and real estate; crimes cropping up in the course of reforming state enterprises; and crimes related to fake value-added



tax receipts. After conducting comprehensive analyses, the procuratorates forwarded measures for crime prevention, which the relevant departments received well.

All in all, under the direct leadership of party committees at all levels, the procuratorates closely coordinated with discipline inspection, supervision, auditing, public security, and court departments; and, with each department performing its functions and working concertedly with other departments in fighting corruption, scored notable achievements in investigating major and serious corruption cases in 1995. However, in some localities and departments, bribery and corruption remained rampant and had not been basically checked; the procuratorates continued to face serious problems of new and old crimes in the course of crackdown. Therefore, fighting corruption will be a long-term, arduous task. The procuratorates will continue to intensify efforts to investigate major and serious cases in a thoroughgoing, effective, and down-to-earth way.

## **II. Severely and Promptly Crack Down on Serious Criminal Offenses To Safeguard Social Stability**

Procuratorial organs throughout the province firmly implemented the party Central Committee's and provincial party committee's instructions on safeguarding stability. In light of the prominent issue of criminal activities, they fully exercised their procuratorial functions and coordinated closely with public security, state security, court, and judicial administrative departments. They considered crime crackdown a crucial link in the drive to comprehensively tackle public order problems and took strong measures to vigorously, promptly, and severely crack down on serious crimes. Last year, public security and state security organs requested procuratorial organs in various parts of the country to approve the arrest of 22,270 suspects. After investigation, procuratorial organs approved the arrest of 19,467 people, which was an increase of 5.8 percent over the previous year. They also received 20,425 suspects sent by public and state security organs for prosecution. After investigation, they prosecuted 16,919 of them, up 5.4 percent over the previous year. In addition, procuratorial organs severely cracked down on criminal acts related to the destruction of forests. They arrested 1,173 criminal suspects and prosecuted 980 of them.

1. Emphasizing severely cracking down on serious criminal offenses. People's procuratorates at all levels targeted their crackdowns at heinous violent crimes involving murder, robbery, rape, and explosions as well as at major larceny, financial fraud, drug-related crimes, and gang crimes, particularly Mafia-type gang crimes. They earnestly upheld the principle requiring "clear fundamental facts and conclusive fundamental

evidence" and the system of direct involvement in investigation. They quickened the pace of arrest and prosecution in accordance with the law and ensured prompt, accurate, and forceful crackdown on crime. They approved the arrest of 10,046 suspects on charges of committing serious crimes and prosecuted 7,852 of them.

2. Actively taking part in special drives launched to rectify public order. Procuratorial organs at all levels actively participated in the "offensive against crimes" and in coordinated drives launched to improve social order in rural areas. They continuously carried out special drives against robbery and burglary, bandits and gangsters in the transportation sector, pornography, illegal publications, kidnapping, prostitution, drug-related crimes, and crimes committed with arms. During the year, they approved the arrest of 7,929 suspects and prosecuted 2,264 for involvement in robbery; burglary; manufacturing or selling pornography or illegal publications; and in forcing, persuading, or accommodating women to engage in prostitution. In coordination with the "crackdown" drive, procuratorial organs actively participated in rectifying public order in key areas, venues, and road sections where order was chaotic. This has helped improve public order in a number of places.

3. Bringing into play their procuratorial function and arresting and prosecuting in accordance with the law. In accordance with the law, procuratorial organs pursued suspects and crimes discovered in the course of investigation conducted in response to public security organs' requests for approving arrests and prosecutions. A total of 166 suspects were arrested and 30 were prosecuted as a result of follow-up action. In the investigation of a major robbery and extortion case committed by Yang Rongfa and three other defendants, the procuratorial organ, after repeated interrogation and on-the-spot survey, discovered two other criminals who escaped criminal responsibility after taking part in the crime. It promptly issued additional arrest and prosecution warrants. At the same time, it also found out that the gang had committed six other robberies and another extortion crime. Through prosecution, three defendants were sentenced to death or death with reprieve by the people's court. Three other defendants were sentenced to more than five years in prison terms.

4. Strengthening comprehensive management of public order in procuratorial work. While concentrating on the primary work of "crackdown," procuratorial organs at all levels earnestly adopted procuratorial measures to comprehensively tackle problems of public order. They publicized the legal system through their appearance in court and the use of typical prosecution cases. In the



course of handling cases, they made constructive suggestions to units under investigation to remove hidden causes of crimes. They strengthened surveillance and supervision of convicts serving their sentence outside prison, thereby preventing or reducing the occurrence of new crimes. They did a good job of helping and educating personnel who were released from prison or from education through labor and helping and educating personnel whose cases were dropped by making scheduled and unscheduled visits with them. Procuratorial organs also earnestly implemented the "Law on Protecting Minors," launched special procuratorial work targeting at crimes committed by minors, and strengthened the approval of the arrest of minors and their prosecution as well as study and investigation related to minors in an effort to prevent or reduce crimes by them. They promptly handled petitions from the masses, made either by mail or in person, earnestly handled their appeals, and actively assisted departments concerned to satisfactorily resolve petitions from the masses in an effort to promptly resolve contradictions and remove factors of instability.

At present, Fujian is enjoying political and social stability; the public security situation as a whole is good. However, there exist quite a few factors of instability. The task of maintaining stability under the new situation is formidable. We should continue to make the maintenance of stability the primary task of procuratorial organs; further reinforce their functions of supervision by the law; intensify the drive to crack down on crimes; and endeavor to maintain political and social stability to better serve the needs of reform, opening up, and economic construction.

### **III. Strengthening Supervision Over Law Enforcement and Safeguarding the Socialist Legal System's Unity and Dignity**

Fujian procuratorates at all levels further strengthened supervision over law enforcement; and, while investigating irregularities committed by judicial personnel, corrected serious problems of failure to observe and strictly enforce the law and to punish lawbreakers, thereby helping the relevant departments strictly enforce the law and promote the steady improvement of supervision over law enforcement.

1. In investigations and supervision, procuratorates focused on problems of failing to file cases for investigation and to investigate crimes and of substituting imposition of a fine for penalty. The procuratorates made 311 suggestions for correction of violations of the law during investigations. As far as major cases involving departments that failed to investigate crimes, which substituted imposition of a fine for penalty; and that, after receiving

suggestions for correction, continued to refuse investigations and transfer of criminals, the procuratorates immediately filed for investigation 81 criminals in 64 such cases, and prosecuted 37 people in accordance with the relevant "Criminal Procedural Law" provisions; of these, the court had found 23 guilty. While reviewing public security organs' requests for approval of arrest and for transfer to the prosecutor, the procuratorates decided not to arrest 1,179 people whose arrest was not necessary or whose act did not constitute a crime; and decided not to prosecute 59 people whose criminal responsibility should not be investigated.

2. In the supervision of criminal adjudication, procuratorates focused on counterappeals on wrong judgments on cases in which criminals were pronounced not guilty or heavy offenses were given light punishments. Pursuant to the law, the procuratorates counterappealed 91 cases of wrong criminal judgments and rules; of these, the people's courts had completed the hearing and changed the verdict on 13. The procuratorates also made 50 suggestions for correction of violations of the law during trials. A total of 109 Fujian chief and deputy procurators appeared in court to support the prosecution of major criminal cases and major and serious cases of embezzlement, bribery, and other irregularities, thereby improving the quality of prosecution.

3. In procuratorial work related to law and discipline, procuratorates concentrated efforts to investigate and handle criminal cases of violating citizens' democratic rights and personal rights and dereliction of duty. While paying close attention to investigating and handling cases of power abuse for personal gain, the procuratorates relentlessly investigated and handled cases of dereliction of duty, extortion of confession by torture, illegal detention, and major accidents due to negligence. We filed for investigation and prosecution 590 criminal cases of "infringement of rights" and dereliction of duty, up 25 percent from 1994; of these, 400, or 67.8 percent, were related to the five major categories of power abuse for personal gain, dereliction of duty, extortion of confession by torture, and major accidents of negligence.

4. In procuratorial work on prisons and reform-through-labor institutions, procuratorates conscientiously corrected problems of violations of the law in releasing prisoners, reducing prison terms, and granting parole and medical parole. The procuratorates earnestly implemented the "prison law" and further strengthened supervision over law enforcement by prisons and reform-through-labor institutions. We investigated and handled 36 cases of power abuse, dereliction of duty, embezzlement, and bribe-taking by cadres and policemen, up 140 percent from 1994; of these, three were major criminal cases involving leading cadres at the county or section

levels. In conjunction with the crackdown on prisoners refusing to undergo reform and "prison overlords," we prosecuted 131 recidivists from reform-through-labor institutions and prisoners committing crimes while undergoing reform through labor; and forwarded 1,395 written suggestions for correcting law violations in reform-through-labor institutions and extended detention of criminals. We also organized the establishment of the Gushan District People's Procuratorate in Fuzhou, thereby completing the task of dispatching procurators to all reform-through-labor institutions throughout the province.

5. In civil administrative work, giving priority to handling obviously unfair verdicts or judgments and to the issues of favoritism, fraud, and bribery among trial personnel. Last year, 712 civil administrative appeals were received, of which 176 cases were closed. Of the total appeals, 125 were submitted to higher procuratorial organs for protest against court judgment, an increase of 123 percent over the previous year. Procuratorial organs also protested verdicts or judgments in 82 civil, economic, or administrative cases, twice as many as in the previous year. The people's court has reopened 22 of these cases and reversed verdicts on eight. At the same time, procuratorial organs also earnestly investigated and prosecuted 15 cases of favoritism; fraud; and bribery involving trial personnel in civil, economic, and administrative trials.

6. Vigorously exercising internal supervision over investigation of procuratorial organs themselves. In conducting internal investigation, the principle of separating investigation from approval of arrests and prosecution was upheld and the functions were assigned to two different departments to exercise strict internal checks. Superior procuratorial organs conducted investigation as soon as it was found that a lower procuratorial organ failed to file a case for investigation and prosecution, concealed a case, inappropriately exempted a case from prosecution, or withdraw it in the process of prosecution. They strictly reviewed cases of appeal protesting exemption decisions and reversed the original decision in 27 cases out of a total of 98 cases reviewed. They also earnestly implemented the "State Compensation Law," established an office to handle criminal compensation matters, and vigorously carried out criminal compensation and professional training work.

At present, failure to strictly enforce the law is still a prominent issue in judicial work. It arises primarily from the fact that some localities are not forceful enough in cracking down on serious crimes and are too lenient or slow in investigating and handling embezzlement, bribery, and other economic crimes. For some time to come, it remains an important and pressing task

for procuratorial organs to firmly implement the policy of severely and promptly cracking down on serious criminal offenses and severely punishing serious economic offenses; to strengthen supervision over law enforcement; to resolutely rectify the phenomena that laws are not fully observed or strictly enforced, violations of law are not investigated, and power is abused; and to safeguard uniform and correct enforcement of law.

#### **IV. Persisting in Enforcing Strict Discipline in Procuratorial Organs and Strengthening the Building of Procuratorial Ranks**

Over the past year, our province's procuratorial organs at all levels have upheld the policy of "building procuratorial organs in accordance with the law and enforcing strict discipline" and earnestly implemented the "Procurators Law" in an effort to further strengthen the building of procuratorial ranks.

1. Persistently making ideological-political construction the paramount task in building procuratorial ranks. Earnest efforts were made to organize procuratorial personnel to study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and to arm themselves with the scientific theory. Procuratorial organs deepened ideological-political education focusing primarily on educating people in the purpose of procuratorial work. They stressed political awareness and the overall interest, discipline, style, dedication, and conscious resistance against the corrosive effects of decadent ideas in an effort to enhance the political standards of procuratorial cadres and police officers.

Procuratorial organs at all levels promptly commended and awarded a number of collectives and individuals who performed meritorious services in investigating and prosecuting major and high-profile cases. The provincial higher procuratorate named procuratorates in Nanping city, Ningde city, Lianjiang county, and Kaiyuan District advanced collectives.

2. Strengthening the building of leading bodies and striving to raise the standards of leading cadres. Procuratorial organs at all levels took steps to gradually perfect the core group study system, the system requiring leading cadres to conduct official duties honestly and diligently, and the system of holding procuratorial commission meetings and other important meetings. Together with organization departments of local party committees, the provincial procuratorate, sub-procuratorates, and city procuratorates conducted mid-term reviews of the leading bodies of various procuratorial organs in the province and promptly strengthened; reorganized; and reinforced the existing leading bodies. Procuratorial organs also selected 222 reserve cadres and sent 111



of them, in groups and by stages, to county or district procuratorates to serve at county or township posts to temper them. To earnestly raise the theoretical, leadership, and law enforcement standards of leading cadres, provincial procuratorates held a theoretical study class for chief procurators last December. The seminar had an in-depth discussion of the building of leading bodies, the use of party building to promote the building of procuratorial ranks, and the issue of crimes that endanger the implementation of major state reform measures.

3. Seriously implementing the "Procurator's Law" and managing the contingent of procurators according to law. Procuratorates at various levels established and perfected the case-handling responsibility system, the system of investigating and affixing responsibility for handling cases wrongly, and other management systems. A total of 165 provincial procuratorial personnel sat for the first unified national examination for new procurators. The training of procuratorial personnel was further strengthened. Seventeen sessions for various kinds of professional training were run to train 520 people. Training sessions for transferred military cadres and replenished cadres were run one after another to train 415 people. In addition, 750 policemen attended the third training session for acquiring certificates for the procuratorial profession. At present, 75 percent of the province's procuratorial policemen have received legal education at the college and university levels.

4. Firmly grasping building of honest administration of procuratorial organs, rectifying their style, and better observing discipline. Great efforts were made in grasping self-examination and self-correction activities of leading cadres at and above department levels in accordance with the two "five provisions," "supplementary provisions" issued by the Central Discipline Inspection Commission, and the "two forbids" provisions issued by the Supreme Procuratorate. Activities were conducted in a deep-going manner to "enforce discipline and curb unhealthy trends" with as main contents the implementation of the "three prohibitions" of the central Political Science and Law Commission, and the "seven prohibitions" of the provincial political science and law commission. In the whole year, 33 cases involving 33 procuratorial personnel violating the law were filed for investigation and prosecution, in which four people were convicted as criminals, two are still under investigation, and two have already been affixed criminal responsibility. Jianou city Procurator Li Guosheng embezzled more than 30,000 yuan of public money during the period in which he was in charge of the city office for clearing up private loan associations, which drew lots to determine who should get the loan. Procuratorial organs filed the case as a corruption case for investigation and prosecution.

Legal proceedings against him were instituted at a people's court. Of the 29 people who had violated discipline, 18 were given party and administrative punishment, and eight were dismissed or transferred from procuratorial organs.

#### **V. Consciously Accepted the Supervision of the People's Congresses and Their Standing Committees**

Procuratorates at various levels seriously implemented "Provisions Concerning Procuratorial Organs Accepting the Supervision of People's Congresses and Their Standing Committees" and the "Notice Concerning Further Strengthening Ties With People's Congresses Deputies" issued by the Supreme Procuratorate, consciously put procuratorial work under the supervision of people's congresses and their standing committees, and correctly performed their functions.

1. Reporting important issues and arrangements in procuratorial work to people's congresses standing committees in good time. The provincial procuratorate made a special report on the situation of how our province's procuratorial organs investigated and handled major important criminal cases of corruption, bribery, and doing wrong to serve one's friends in the first half of the year at the 18th meeting of the eighth provincial people's congress standing committee last year, and on the guidelines of the national forum of chief procurators held by the Supreme Procuratorate on Mount Wuyi. Procuratorates at various levels also reported in good time to local people's congresses standing committees the work arrangements made by the Supreme Procuratorate and the provincial procuratorate and views on how to implement such arrangements, and actively drew the attention to and support for the procuratorial work of the people's congresses.

2. Modestly listening to criticism, opinions, and suggestions on procuratorial work made by people's congresses deputies. At the third session of the eighth provincial people's congress held last year, the provincial procuratorate organized 23 chief and deputy chief procurators, procuratorial committee members, department directors, and procurators to separately listen to and solicit opinions of various delegations during the deliberation of the procuratorate's work report. After the session ended, a work meeting of chief procurators was immediately held to seriously study criticism, opinions, and suggestions forwarded by deputies, group them in categories, and put concrete problems as items for supervision and inspection. Relevant problems were solved one after another and the results in how the problems were solved were reported to the people's congress standing committee in good time. Many procura-



torates invited on their own initiative people's congress deputies to inspect and comment on procuratorial work. They then seriously studied their opinions and made improvements and corrections in good time.

3. Seriously handling matters assigned it by the provincial people's congress standing committee and letters from provincial people's congress deputies. People were specially assigned to seriously handle such matters and letters and to make reports in good time. If the work in handling some matters and letters could not be completed as scheduled because of a complicated situation, reports on how the work progressed were made in good time to the provincial people's congress standing committee. Last year, the provincial procuratorate was assigned 24 cases from the provincial people's congress standing committee and deputies' letters, the work on 22 of which was completed and reports made to the people's congress. Last year, our procuratorial organ investigated a major case of favoritism and fraud committed by Wu Dongxi, deputy chief of the Guanpo Police Station in Zhaoan County, and Cheng Biwen, political instructor, who set a rape suspect free with a not-guilty verdict and illegally detained the victim's sister for 99 days. Principal leaders of the provincial party committee and people's congress standing committee gave important directives on the case. Procuratorial organs firmly implemented the directives, strengthened leadership, accelerated the investigation pace, and assisted departments concerned in arresting the two fugitives who were illegally released. In addition, in accordance with the law, they also arrested the police station's deputy chief and political instructor on charges of practicing favoritism and fraud. The case has now been brought to prosecution at the people's court.

The provincial procuratorate and a number of sub-procuratorates and city procuratorates appointed or reappointed a number of democratic party or nonparty democratic figures to serve as special procurators and made efforts to enable them to participate in the administration and discussion of procuratorial affairs and play their role in democratic supervision.

The year 1995 witnessed fairly big progress in our province's procuratorial work. The progress was achieved because procuratorial organs — under the correct leadership of party committees and the effective supervision of people's congresses at different levels and with the strong support of governments and CPPCC committees at various levels — consciously carried out their work as part of the overall work of the party and state, and upheld the work guidelines of "strictly enforcing law and vigorously handling cases." It was achieved also because procuratorial cadres and police officers throughout the province worked together

with a higher spirit. However, problems and difficulties also exist in our work. The main problems and difficulties are: First, in some localities, investigation and prosecution of major and high-profile cases have not produced notable results. This was because of the incorrect understanding of the anticorruption work and the failure of leading cadres at some procuratorates to vigorously implement the policy of severely punishing criminal offenders as well as their lack of courage to combat tough issues. Second, some localities lacked the ability, high standards, and strong measures to crack cases, especially major, high-profile, and complicated ones; and they were unable to meet the needs of the struggle. Third, the question of having strong obstacles to law enforcement supervision and the lack of strong measures was not successfully resolved. Fourth, some localities failed to strictly manage, educate, supervise, or investigate procuratorial cadres and police officers, resulting in violations of law and discipline by a very small number from time to time. Some of them accepted dinner invitations or gifts, demanded or accepted bribes, or practiced favoritism or fraud. Some were guilty of dereliction of duty, abuse of power, or shifting responsibility to others in dealing with appeals from the masses. Some exceeded their power in case handling or took part in collecting debts, creating very bad social effects and seriously damaging the image of procuratorial organs. Fifth, an acute shortage of funds for handling cases and obsolete technology, equipment, and other material safeguards limited the progress of investigations of major and high-profile cases. We must adopt measures to earnestly resolve these problems.

Fellow deputies:

The "Outline of the Ninth Five-Year Plan for National Economic and Social Development and the Long-Term Targets Through 2010" is a cross-century programmatic document that gives direction to the future work of people's procuratorates. It is procuratorial organs' paramount political task to focus on the establishment of a socialist market economic structure and the perfection of a corresponding legal system, to actively shoulder the mission endowed by our times and the responsibility entrusted by the Constitution and law, to strengthen the building of the socialist legal system, to persist in ruling the country by law, to safeguard the nation's lasting peace and stability, and to ensure the fulfillment of the Ninth Five-Year Plan and long-term targets. The year 1996 is the first year in implementing the five-year plan and fulfilling the 2010 targets and an important year for procuratorial work to enter a new stage of development. The general requirements for this year's work are: /Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the

party's basic line and fundamental principles, earnestly implement the guidelines of the Fifth Plenary Session of the 14th CPC Central Committee, the Fourth Session of the Eighth NPC, the national conference of chief procurators, the Sixth Fujian CPC Congress, and the Fourth Session of the Eighth Fujian People's Congress; uphold the guiding ideology of serving the needs of reform, development, and stability — the overall interest of the work of the entire party and country; uphold the work guidelines of "strictly enforcing the law and vigorously handling cases"; persistently focus on safeguarding stability; strengthen procuratorial work in an all-round way; work hard to promote the two fundamental shifts of overall importance in the economic field; and create a favorable legal environment for fulfilling the new magnificent goal of Fujian's economic and social development. To achieve this, we must concentrate on carrying out work in the following areas:

1. Constantly intensifying investigations of major and serious cases in the anticorruption drive. We will concentrate efforts on investigating crimes in party and government leading organizations, administrative law enforcement agencies, judicial organs, and economic management departments, especially crimes committed by leading cadres at and above the county and section levels; crimes impeding the establishment of a socialist market economic system and the implementation of major reform measures; and crimes committed by leading cadres of state enterprises and institutions, organizations directly under counties, and town and township offices. We will strictly enforce the "Supreme People's Procuratorate provisions for keeping on record information leading to major cases and for their preliminary investigations" and conduct preliminary investigations of information leading to crimes, especially major and serious cases, according to the law. We will effectively strengthen leadership over investigations of major and serious cases, observe the system of chief procurators personally taking charge of investigations, persist in urging higher levels to promote and help the next lower level of procuratorates, and overcome resistance and interference in deepening the anticorruption drive. We will adopt both long-term and stopgap measures and step up crime prevention by applying procuratorial functions in investigations, thereby actively guarding against and wiping out corruption.

2. Unswervingly cracking down on serious criminal offenses. Pursuant to the law, we will resolutely strike at subversive and sabotage activities by hostile forces at home and abroad, illegal religious activities, and counterrevolutionary propaganda and demagoguery; harshly punish malicious violent crimes that seriously endanger public security — especially gun-related crimes, drug

trafficking, hooliganism, and criminal gangs with the nature of criminal syndicates; step up the crackdown on serious crimes of disrupting the national economic order; and actively take part in special projects to fight crimes in key areas and coordinate with the relevant departments to wipe out prostitution and other social vices. We will uphold the principle of meting out swift and harsh punishment for serious crimes; continue the system of intervening investigations of major criminal cases; expedite arrests and prosecution; step up work in court appearances and public prosecution; improve the ability to use the law and evidence in exposing and proving crimes; strike at crimes accurately, promptly, and effectively; and correct failures to observe the law, to substitute the imposition of a fine for a penalty, and to fight crimes effectively. We will correctly handle contradictions among the people and conscientiously implement measures for comprehensive management of public security in the procuratorial link.

3. Persevering in strengthening supervision over law enforcement. We will pay particular attention to dealing with failure to observe and strictly enforce the law and to punish lawbreakers and serious problems of violating the law in law enforcement caused by local and departmental protectionism. Where a crime is committed in illegal detention of innocent citizens or in abusing coercive measures to indiscriminately detain people's congress deputies, personnel involved will be affixed with criminal responsibility. We will strengthen supervision over law enforcement, focusing on investigating crimes committed by judicial personnel, to promote strict law enforcement.

4. Do a solid job in conducting thorough investigation and study. Conduct investigation and study deep at the grass-roots level and in practice, centering around key points, difficult points, new situation, and new problems in procuratorial work; grasp in good time the law of changes in corruption, bribery, and other criminal offenses in the new situation; and study and take measures to crack down on and guard against them. Seriously study the amended "Criminal Procedural Law" and energetically prepare to implement it to meet the needs of the situation. And strengthen guidance according to work under different categories and give concrete guidance, sum up experience in good time, and promote balanced and healthy development of the work.

5. Seriously implement the "Procurator's Law" and promote the building of the procuratorial contingent. Resolutely implement the principle of "building procuratorates according to law and strictly manage procuratorial organs"; stress study, politics, healthy practices, and ideological and political construction; and strive to improve the procuratorial contingent's political quality.



The key is to properly grasp the building of leading bodies and seriously implement democratic centralism, be bold in supporting procuratorial policemen in impartially enforcing laws and investigating and handling major important cases, and support and protect the enthusiasm of the broad masses of policemen in handling cases according to law. Strengthen party building; promote the building of the rank and file; and strive to set strict demands, carry out strict management, and conduct strict education. Strengthen the construction of procuratorial organs in terms of anticorruption and clean administration, solemnly investigate and handle cases of violation of law and discipline by procuratorial policemen, handle such cases once they are discovered and mete out punishment, and such offenders should never be tolerated or accommodated. And consciously accept the supervision of people's congresses and the people. This year, it is necessary to conduct activities to rectify discipline and style, strictly enforce laws, and enforce law in a civilized manner in the whole procuratorial system; strengthen the sense of the legal system, ensure strict enforcement of law; and strive to ensure the quality of handling cases according to law, pay attention to fighting a battle of wits in handling cases in a civilized manner, and establish a good image through safely handling cases.

#### Deputies!

In the new year and under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line and basic policies, procuratorial organs at various levels of the province must seriously implement the guidelines of the Fourth Plenary Session of the Eighth NPC and the fourth session of the eighth provincial people's congress; be of one heart and one mind; forge ahead; strictly enforce laws; go all out in handling cases; seriously make a good start; take a solid first step forward; constantly push forward our province's procuratorial work; and make new contributions to safeguarding social stability and ensuring the smooth development of reform, opening up, and economic development in our province!

#### PRC: Fujian To Build Project To Pave Way for Reunification

HK1007052996 Hong Kong MING PAO in Chinese  
9 Jul 96 p 10

[Report by special correspondent Li Yi (2621 0076): "Fujian to Build 'Taiwan Strait West Bank Boom Strip' To Pave Way for Three Exchanges"]

[PTS Translated Text for FBIS] A source said that the CPC top echelon has decided to build the south-eastern region of Fujian into a "Taiwan Strait west bank boom

strip." The mainland will invest 250 billion yuan in the project in the run-up to the next century. The project is designed to attract Taiwan capital on a large scale and energetically to make preparations for the "three exchanges," thereby creating favorable conditions for settling the Taiwan issue, added the source.

#### The Central Leadership Reached a Consensus

A report said that the blueprint for the project had taken shape before this year's "Taiwan Strait crisis." Back in June last year, CPC General Secretary Jiang Zemin came up with the idea while on an inspection tour of Fujian. During the following year, CPC top heavyweights Li Peng, Qiao Shi, Zhu Rongji, and Wang Zhaoguo made their way to Fujian in succession to make inspections and to work out a specific program for further development of Fujian. The central authorities believed that the south-eastern area of Fujian stretching from Fuzhou to Xiamen and Zhangzhou should be made the dragon head of Fujian's economy. A Beijing source said to build a "Taiwan Strait west bank boom strip" to narrow the gap between the two banks in terms of economic strength and to provide a vast world for across-strait trade and economic cooperation is of strategic importance to settling the Taiwan issue.

An authoritative Beijing source said that the mainland authorities have no intention of seeking a breakthrough in their political disputes with Taiwan this year or next, because they are concentrating on "bringing Hong Kong back to Chinese sovereignty in 1997" and striving for putting into effect the principle of "one country, two systems" trouble free. The mainland will not show any flexibility in upholding the "one China" principle and stopping up Taiwan's diplomatic space, but in the process of stimulating across-strait trade and economic cooperation and "three exchanges," they will adopt a positive attitude and "preferential policy" to strive for a breakthrough.

Under the drafted blueprint, south-eastern Fujian will in the next 20 years be built into an "economic boom strip," which will enjoy rapid economic growth, be equipped with mutually supportive infrastructures, boasts a fine ecological environment, and combines country and town. During the Ninth Five-Year, the investment in key projects will total 250 billion yuan.

#### Investment Will Run to 250 Billion Yuan in the Run-up to Next Century

According to the State Council's overall arrangement, the mainland will raise 15 percent of the funds needed from local investment, 30 percent from direct foreign investment, and the rest from civilian financing and internal and external loans.



South-eastern Fujian is the forefront for the mainland to establish contacts with Taiwan. This region embraces five prefectural-level cities Xiamen, Fuzhou, Quanzhou, Zhangzhou, and Putian, and 43 counties and cities [xian shi 4905 1579]. It measures 42,000 square km, accounting for one third of Fujian's area, while it comprises a population of 19 million, making up two thirds of the province's total. Local experts believed Xiamen, Fuzhou, Zhangzhou, and Putian will witness a marked change in the next few years.

**PRC: New Airport To Open in Jiujiang 2 Jul**

OW2506161196 Beijing XINHUA in English  
1602 GMT 25 Jun 96

[FBIS Transcribed Text] Shanghai, June 25 (XINHUA) — The Jiujiang Airport, in east China's Jiangxi Province, is scheduled to open on July 2, with two air routes, one to Haikou via Guangzhou and the other to Shanghai, every Tuesday and Saturday.

The airport was built at a cost of 200 million yuan and is equipped with a state-of-the-art navigation system. It can accommodate the B-737, T154, and MD-82.

Five other routes will be opened by spring of next year and plans are underway to link the city with Hong Kong by 1997.

The city is an open port along the Chang Jiang River. The airport will serve 20-some counties and a population of more than 15 million, in Fujian, Hubei, and Anhui provinces.

**PRC: Jiangsu Capital Speeds Up Data Transmissions**

OW1007075596 Beijing XINHUA in English  
0715 GMT 10 Jul 96

[FBIS Transcribed Text] Beijing, July 10 (XINHUA) — Nanjing, capital of east China's Jiangsu Province, saw rapid growth in its data telecommunications business, with eight data network projects completed in the first half of the year.

The eight projects include Chinapac (China Packet Network), a wireless data network, DDN (digital and data network), and Chinanet, the Chinese branch of Internet, according to People's Post and Telecommunications Daily.

By June 10, the Nanjing Data Telecommunications Corporation, the city's only official data business company, recruited 655 subscribers for Chinapac, DDN, e-mail, Internet, and frame relay services, according to the People's Posts and Telecommunications Daily.

**PRC: HK Paper Reviews Shanghai's Goals for Using Foreign Capital**

HK1007035096 Hong Kong CHING CHI TAO PAO  
in Chinese 13 May 96 No 2469, p 13

[From the "China Economic News" Column: "Shanghai Announces Key Projects That Will Make Use of Foreign Capital During the Ninth Five-Year Plan"]

[PTS Translated Text for FBIS] During the "Ninth Five-Year Plan" period, Shanghai's goal in using foreign capital is to actively, rationally, and effectively absorb foreign capital, particularly to speed up urban infrastructure projects, accelerate changes in the industrial structure, and develop comprehensive agricultural projects and tertiary industries.

The Municipal Construction Commission has announced some construction projects, including the first phase of the outer super highway, the Yuejiang project on Dalian Road, and the Jiangqiao waste incineration project. It welcomes investors from various countries and regions to come to Shanghai to promote joint ventures and cooperation in all forms. According to officials from the relevant municipal departments, guaranteed profit margins for foreign investors participating in urban infrastructure projects are being considered. This information has spurred strong interest from foreign businessmen.

Shanghai municipality will make use of foreign capital to speed up changes in its industrial structure and promote a number of joint venture projects involving cooperation between industrial group companies, transnational corporations, and large enterprises. Transnational operations will be carried out. Shanghai will also make use of foreign capital to accelerate the development of its three major undertakings: namely, integrated circuits and computers, modern biotechnology, and new medicines and materials to gradually develop the new core industry.

During the Ninth Five-Year Plan period, Shanghai will also make use of foreign capital to develop comprehensive agricultural projects, city-type modern agriculture, and export-oriented agriculture. In the meantime, it will make use of foreign capital to develop tertiary industries, build large-scale commercial delivery centers, and run on a trial basis joint venture foreign trade enterprises, among other projects.

**PRC: Floods Trap 'Thousands' of Passengers on Railroad**

*OW0407131996 Beijing XINHUA in English  
1311 GMT 4 Jul 96*

[FBIS Transcribed Text] Shanghai, July 4 (XINHUA) — Thousands of passengers on trains on the Anhui-Jiangxi Railway line were trapped for 60 hours by raging flood waters but managed to escape danger today, thanks to the efforts of rescue workers.

Torrential rains and rainstorms near the Xuanzhou-Jingdezhen section of the railway line that hit June 30 caused the most serious flooding since 1984.

Floodwaters were one meter above railway embankments and three sections were damaged and four protective bridge piers were destroyed, leaving the railway track suspended in mid-air.

As a result, train No. 321 that had left Nanjing and No. 322, heading for Nanjing had to return, and passengers in four other trains were marooned by floodwaters.

The Shanghai Railway Administration mobilized all its staff members to provide food and drinks for besieged passengers and help rescue them.

**PRC: PLA Assisting in Hangzhou Flood-Control Efforts**

*OW0407115896 Hong Kong AFP in English  
1140 GMT 4 Jul 96*

[By Leu Siew Ying]

[FBIS Transcribed Text] Hangzhou, China, July 4 (AFP) — The Chinese People's Liberation Army (PLA) soldiers were racing against time Thursday to reinforce a dyke protecting Hangzhou's 1.4 million residents from the flood-swollen Tiaoxi river.

"We must finish the work by tonight because more rain has been forecast," said Liu Guoxiang, a government official directing the rescue work in Yuhang district, 30 kilometres (25 miles) north of Hangzhou, capital of Zhejiang province.

Standing on top of the dyke, reinforced with pebbles and earth by 900 soldiers Wednesday [3 July], Liu said another 600 cubic metres (21,000 cubic feet) of earth was needed to shore up the base of the structure.

Soldiers, civilians and a long line of earth-laden blue trucks were working Thursday to complete the reinforcement work at the site adorned by two pagodas on opposite banks of the river.

"If the river breaks through, millions could be affected," Liu said, adding the dyke was "very crucial" to the protection of Hangzhou.

Flooding since Saturday has claimed 229 lives in eastern and southern China, with 43 deaths in Zhejiang alone, where the flood waters have caused damage estimated at 3.758 billion yuan (450 million dollars).

Liu said that on July 1, villagers monitoring the 10-metre (33-foot) thick dyke discovered that it had been worn down to just one metre at one point as a result of erosion by the river's powerful current and the heavy rain.

Soldiers were immediately sent in to make temporary repairs with earth-filled straw bags.

"We have been working day and night since then," Liu said. "These are just temporary measures. We have to do something more permanent after this."

The Tiaoxi river is being fed by water released from Qianshan reservoir at a rate of 350 cubic metres every second, taking the river's level to 9.5 metres (30-feet) — one metre above the danger level.

At its most critical on Tuesday, 600 cubic metres per second were released for a five-hour period

"The water level at the reservoir is now 32.64 metres (109 feet). It is still too high although it has fallen from 33.86 metres (112 feet) at its highest point," said Liu.

According to Fang Zhongxian, an official with the Hangzhou information office, the city would be in danger if the rainfall over the next 24 hours exceeded 200 millimetres (eight inches).

"If it is not an unbroken spell of rainfall, we can manage it. If it rains continuously, it is possible that Hangzhou will be in trouble again," Fang said.

Meanwhile, villagers living around the danger point had returned to their homes following a halt in the rain since early Wednesday, despite forecasts of further downpours Friday and Saturday.

Hangzhou, known in China for its scenic beauty, is still flooded in places following the overflowing of its main tourist attraction — the West Lake. The flooding had caused tourism authorities to close the lake for the first time in 50 years.

**PRC: Official Tells AFP Flood Situation in Zhejiang 'Stable'**

*OW0707022596 Hong Kong AFP in English  
0216 GMT 7 Jul 96*

[FBIS Transcribed Text] Hangzhou, China, July 7 (AFP) — The flood control headquarters in the hard hit Chinese province of Zhejiang said Sunday they were hopeful of avoid [as received] an even worse crisis.

"The situation has been stabilised but relief work is continuing," Tong Fuping, an official at the headquarters, told AFP.

Tong said the meteorological bureau had forecast more rain over the next couple of days but that it should not cause new flooding.

He said the water level at Lake Taihu in northern Zhejiang had risen 0.5 metre (one foot eight inches) above the safety level following heavy rain Friday (5 July) and Saturday.

"The rain has now stopped and there should be no problem unless we have more rains. We have been pumping out water from agricultural land around the lake," Tong said.

Nearer to the provincial capital, Hangzhou, flood waters were retreating from Pingyau, Panfan, Penggong and Nanhu where several hundreds of people were still stranded in the upper floors of their double-storey homes.

"They have refused to be evacuated because they feel more comfortable at home," Tong said.

Floods in northern Zhejiang early last week claimed 43 lives and caused an economic loss of 3.7 billion yuan.

The death toll is believed to be lower than in other flood-stricken provinces because most houses in Zhejiang are two-storey structures built of brick and concrete.

Tong said relief workers were distributing food and medicine and trying to prevent an epidemic outbreak.

"Our main job is also to rehabilitate agricultural land and rebuild homes," he said.

#### **PRC: Zhejiang Pilot Scheme To Advance Science, Technology Seen**

*OW1007044596 Beijing XINHUA in English  
0159 GMT 10 Jul 96*

[FBIS Transcribed Text] Hangzhou, July 10 (XINHUA) — Around 120,000 countryside families in east China's Zhejiang Province are playing an important role in advancing local economic development.

The family members have taken part in a massive pilot scheme to advance science and technology in rural areas.

They have graduated from correspondence agricultural universities or agricultural schools with titles of agro-technicians, according to the provincial association for science and technology.

Under the guidance of Yu Guangliang, a farmer expert in breeding lean-meat pigs in Zhangdaijie Village in Quxian County, the village sold more than 10,000 mature pigs last year, yielding a net income of more than one million yuan, and raising the per capita income from 980 to 2,500 yuan.

A trend had emerged in the province for the pilot families to pair up with, and help poor neighborhoods.

The pilot families have set up a variety of technical associations to provide services to the neighborhoods.

At present there are more than 3,000 technical associations throughout the province, most of which were set up by pilot families.



**Taiwan: Li Teng-hui Addresses Military Review Meeting**

*OW0907122196 (Internet) Taiwan Central News Agency WWW in English 1143 GMT 9 Jul 96*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, July 9 (CNA) — President Li Teng-hui said Tuesday that rationality and a "win-win" strategy are the basis for eventual reunification of the two sides of the Taiwan Strait.

Addressing a biennial military performance review meeting, Li said the greatest obstacle in cross-strait relations is mainland China's deliberate ignoring of the Republic of China (ROC)'s existence in the Taiwan, Penghu, Quemoy, and Matsu areas.

"Only when Beijing faces this reality and drops its hegemonic mentality toward Taiwan can new prospects emerge in cross-strait relations," Li said.

The president reaffirmed his sincerity to make a "journey of peace" to the mainland and meet with communist Chinese leaders to usher in a new era of cross-strait dialogue and cooperation.

Li said Taipei and Beijing should face the facts that historic reasons have left the two sides governed separately for more than four decades and that both sides are pursuing eventual national unification. He said the two sides should conduct regular dialogue with sincerity and patience to resolve their differences.

"Only by doing so can we pave the way for eventual reunification and boost the common well-being of all Chinese," Li said.

He pointed out that Mainland China's intimidating missile tests and live-ammunition war games at Taiwan's doorstep in March have disillusioned the people of Taiwan, reminding them of the importance of beefing up national defense capabilities.

"Mainland China's flexing of military muscle is expected to help cultivate a national defense consciousness," Li said, adding that all people should stand firm and calm in the face of threats.

Li stressed that Taiwan's ultimate strategic goal is to prevent war. "While striving to develop peaceful cross-strait relations, we must establish a significant deterrent force," Li said. "Our armed forces must be strong enough to protect our national security and let Mainland China know that it cannot win or would endanger its own survival if it invades Taiwan."

Li encouraged military servicemen to always be prepared for future peril even during times of peace. "Even

if there is no war for 100 years, we cannot suspend our combat preparedness for a single day."

"The military must also keep abreast of the latest mainland military buildup in training and deploying our troops," Li said.

The president lauded all officers and men for their composure during Mainland China's menacing war games in the run-up to Taiwan's first-ever direct presidential election on March 23.

The three-day military meeting at Fu Hsing Kang College in Peitou on the outskirts of Taipei brought together more than 700 ranking officers in the military operations system to review the country's current national defense policy and troop streamlining programs, as well as to chart future military buildup course. The meeting, which opened Monday, is being chaired by Gen. Lo Pen-li, chief of the General Staff.

**Taiwan: Prime Minister Wants Strong Military Force**

*OW0907143696 (Internet) Taiwan Central News Agency WWW in English 1424 GMT 9 Jul 96*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, July 9 (CNA) — Vice President and Premier Lien Chan said on Tuesday that the Republic of China (ROC) must continue to beef up its military strength in the face of the mounting military threat posed by communist Chinese troops.

"Only by building up a mighty military force can Taiwan ensure its security and have a say in handling ties with the mainland," Lien said at a military seminar.

He said arms reduction and the banning of nuclear proliferation are global trends resulting from the end of the Cold War. Bucking the trend, however, some major countries in the Asia-Pacific region, such as Mainland China, Japan, and North and South Korea, have continued to raise their military spending over the last few years, Lien said.

South Korea's military expenditures have been rising by an average of 12 percent a year, while Mainland China's spending has been growing an average of 14 percent in recent years. In addition to upgrading its missile technology, the People's Liberation Army (PLA) has acquired sophisticated Kilo-class submarines and Su- 27 jet fighters from Russia.

With the beginning of the post-Cold War era, Beijing has deployed more troops along the southeast coast of Mainland China, a strategic adjustment that Lien said highlights Beijing's attempt to take Taiwan by force.

"In particular, Beijing's ceaseless efforts to strengthen the long-range combat capability of its naval and air force fleets have not only threatened the security of Taiwan but brought uncertainty and restlessness to the Taiwan Strait," Lien said.

He said that under the challenge of this threat, "We must not ignore national security even for a minute... in building a modern military force capable of safeguarding our country from an enemy invasion."

The PLA fired missiles into waters dangerously close to Taiwan in several rounds of military exercises beginning in March, sending jitters throughout Taiwan.

Taiwan's military spending for fiscal 1997 stood at NT [New Taiwan] \$272 billion (US\$9.89 billion), up 5 percent from the previous fiscal year. The fiscal year began on July 1.

#### **Taiwan: PRC Official: Fujian Ready To Open Direct Links With Taipei**

OW0907105196 (Internet) Taiwan Central News Agency WWW in English 0856 GMT 9 Jul 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, July 9 (CNA) — A senior Fujian official said here Tuesday that the southeastern mainland Chinese Province has completed preparations for opening direct trade, mail and transportation links across the Taiwan Strait and for supplying water to Taiwan's offshore defense outposts of Quemoy and Matsu.

Chen Zidong, director of the Taiwan Affairs Office of the Fujian provincial government, said such mainland sea ports as Shanghai, Xiamen and Fuzhou have readied themselves for direct cross-strait shipping services.

To his knowledge, Chen said, major Taiwan ports are also well-equipped to handle direct cross-strait shipping business. "When such services will be inaugurated depends on consultations between the two sides," he noted.

Chen, who arrived in Taipei Monday for an 11-day trade promotion visit, said Fujian has drawn up two to three packages for providing water to Quemoy and Matsu, which are closer to Fujian than to Taiwan. "There is no technical problem for the proposed water supply," he added.

On the possibility of Taiwan and Fujian governors exchanging visits, Chen said Fujian must abide by central government's policy in handling the issue.

Chen said his Taiwan trip, arranged by the Taipei's Chinese National Federation of Industries, is aimed at

inspecting the general market situation here, promoting cross-strait exchanges and making new friends.

Due to geographical proximity, Taiwan and Fujian have maintained close investment and trade ties. "Taiwan entrepreneurs have opened 4,330 ventures, with total capital investment of US\$8.5 billion, in Fujian," Chen said, adding that Taiwan-funded businesses have played a vital role in Fujian's external trade, which reaches an average of US\$2.3 billion per annum.

Despite tensions in the Taiwan Strait this spring, Chen said, Taiwan investment in Fujian has continued rising. "So I'm optimistic about future Taiwan-Fujian economic relations."

Chen said Fujian will invest heavily in infrastructure construction in its southeastern part, which faces Taiwan, to lure more Taiwan investors.

"We have also drafted regulations to better protect interests and personal security of Taiwan business people," Chen said, adding the regulations will be implemented in the near future.

Chen and his seven-member delegation will visit major trade promotion organizations, industrial parks, sea ports, large enterprises and tourist attractions during their stay on the island.

#### **Taiwan: MAC Official Says 1 Country, 2 Systems Not 'Suitable'**

OW1007060696 Taipei LIEN-HO PAO in Chinese 2 Jul 96 p 3

[By reporter He Ming-kuo (0149 2494 0948)]

[FBIS Translated Text] After 1 July 1997, the Chinese Communists will implement the policy of "one country, two systems" in Hong Kong. Kao Kung-lien, Mainland Affairs Council [MAC] vice chairman, said on 1 July: Regardless of whether or not the Chinese Communists are successful in implementing the policy of "one country, two systems" in Hong Kong, the policy of "one country, two systems" is not suitable for Taiwan. Chang Liang-jen, former director of the MAC Taiwan and Macao Affairs Office and newly appointed deputy secretary general of the Straits Exchange Foundation [SEF], said on 1 July: The government is concerned about whether or not the Chinese Communists will abide by the Hong Kong Basic Law after 1 July 1997, but not whether they will implement the policy of "one country, two systems" in Hong Kong.

Chang Liang-jen said: The policy of "one country, two systems" is an expedient measure. A prerequisite for the "two systems" is to transfer to "one country," which naturally would be the PRC according to the Chinese

Communists' proposal. In other words, it would be a transfer to socialist China. Thus, the Taiwan people cannot possibly accept the policy of "one country, two systems." Consequently, the government insists that the policy of "one country, two systems" definitely is not suitable for both sides of the strait. The government is not concerned about whether the Chinese Communists will implement the policy of "one country, two systems" in Hong Kong after 1 July 1997, it only hopes that the Chinese Communists will strictly abide by the Hong Kong Basic Law.

Commenting on whether the government will support the Chinese Communists in implementing the policy of "one country, two systems" in Hong Kong, Kao Kung-lien said: The government does not concern itself with the term of "one country, two systems," it only hopes that the Hong Kong Basic Law can ensure that the extant systems in Hong Kong remain unchanged for 50 years. Kao Kung-lien stressed: No matter whether or not the policy of "one country, two systems" is successful in Hong Kong, it definitely is not suitable for Taiwan. Hong Kong, and Taiwan are totally different: The former is a colony, but the latter is administered by a sovereign state, the Republic of China.

Commenting on Taiwan-Hong Kong ties after 1 July 1997, Chang Liang-jen held: We need three stages

to resolve this issue. First, Beijing and Hong Kong have to specify the special administrative regional [SAR] government's jurisdictions (over Taiwan affairs). Second, Taipei and Beijing will hold consultations on general principles and issues. Finally, Taipei and the Hong Kong SAR Government will hold consultations on details of specific issues. Chang Liang-jen said: The extent of autonomous powers given to Hong Kong by Beijing will have a direct impact on Taiwan-Hong Kong ties.

Commenting on consultations over Taiwan-Hong Kong issues, Kao Kung-lien said: There are two levels of consultations over Taiwan- Hong Kong issues: Taipei and Beijing need to hold consultations on a certain part. Through the SEF and the Association for Relations Across the Taiwan Strait [ARATS], the MAC and the Chinese Communists' State Council Hong Kong and Macao Affairs Office should discuss this part. Another part will be discussed in consultations held by Taipei and the Hong Kong SAR Government. The MAC should instruct its organizations in Hong Kong to discuss issues under this second part with the Hong Kong SAR Government.



## Hong Kong

### Hong Kong: Dispute With U.S. 'Most Probably' To Go to WTO

*HK1007094696 Hong Kong HONGKONG  
STANDARD in English 10 Jul 96 p1*

[By Rodney Diola]

[PTS Transcribed Text for FBIS] The Hong Kong government yesterday said it was "serious" about filing a case against the United States to the World Trade Organisation (WTO) over the new textiles row.

"Most probably the case will go to the WTO," a spokesman said, adding that US negotiators had not made any attempt to contact the Hong Kong side for reopening negotiations.

This comes just before the powerful Textile Advisory Board chaired by Trade and Industry Secretary Denise Yue meets tomorrow to discuss its plan of action following a negotiating deadlock with the US last week. The trade spat started last month when the US unilaterally imposed stringent documentation requirements on Hong Kong textile and garment exports and demanded their customs service be allowed to inspect Hong Kong factories. The new documentation rules which took effect last month involved about US\$3.6 billion (HK\$28.1 billion) worth of Hong Kong exports.

The US alleged that some goods exported by the territory are mislabelled "Made in Hong Kong", when in fact they were manufactured in China.

The spokesman however, said US customs officials did not offer evidence to back such allegation.

He reminded the US government that the WTO ruled in favour of Hong Kong in a dispute last year over Hong Kong's export of woven woollen shirts and blouses.

Under WTO rules, countries must first try to settle their disputes bilaterally within 60 days, and only if they fail to resolve the issue could they approach the WTO.

The spokesman said Hong Kong had already appointed its legal advisers in preparation for the filing of the case before the Textile Monitoring Board of the WTO in Geneva.

Negotiations between Hong Kong and the US have already broken down twice.

The first round started on 19 June when US Customs Deputy Commissioner Michael Lane visited the territory.

The next round was in Washington. Hong Kong negotiators said their US counterparts refused to accept compromises.

Y.Y. Leung, head of trade control at the Hong Kong Customs and Excise Department, however yesterday said there is a chance that the two parties could still meet.

"If the two sides agree again to negotiate, we might have some sort of compromise," he said.

The Trade Department spokesman said the WTO case last year was resolved in September, five months after the complaint was filed.

Hong Kong decided to file the case after two rounds of negotiations failed and the Americans failed to signal any intentions to re-open talks.

The Textile Advisory Board which meets tomorrow in Hong Kong includes the Hong Kong Director General of Trade, Director of Industry and the Commissioner of Customs and Excise Department.

Several textile industry representatives will also attend.

### Hong Kong: Patten Attacked for Inflaming Relations With PRC

*HK1007041796 Hong Kong WEN WEI PO in Chinese  
10 Jul 96 p all*

[Report: "Zhang Junsheng Criticizes Chris Patten for Driving a Wedge Between Hong Kong People and the Chinese Side with an Aim of Extending the Influence of British Colonial Rule in Hong Kong"]

[PTS Translated Text for FBIS] When Zhang Junsheng, deputy director of the Hong Kong Branch of XINHUA News Agency, while attending a public occasion yesterday, was asked to comment on Chris Patten's remarks that if the Chinese side sought to interfere with Hong Kong affairs after 1997 it would face political backlash from the people of Hong Kong. Zhang Junsheng pointed out: Is Chris Patten trying to call upon those who dance to his tune, and will continue to follow him in the future, to confront their own country? Zhang Junsheng thought that it was senseless for Chris Patten to say such things.

Yesterday afternoon, after attending an autograph album-donation ceremony marking the 120th birthday of Mr. Tan Ka-ki, Zhang Junsheng told reporters: Mr. Chris Patten has talked a lot about Hong Kong in other countries. Hong Kong residents will analyze and judge those remarks. Actually, those remarks are aimed at driving a wedge between Hong Kong residents and the Chinese Government and extending the influence of British colonial rule over Hong Kong. In a sarcastic way, all of those remarks are nonsense.

Zhang Junsheng stressed: The Chinese Government's policies toward Hong Kong, including the establishment

of the special administrative region, "Hong Kong people ruling Hong Kong," a high degree of autonomy, and so on under the guideline of "one country, two systems" have been stipulated in detail in the Basic Law. He added: All those guiding principles are policies to be implemented by the Chinese Government after it resumes exercising sovereignty over Hong Kong. They were worked out and announced by the Chinese Government itself. They will be resolutely implemented. Is it necessary for Chris Patten to worry about this? In so doing, does it not mean that he is trying to inflame relations between the Hong Kong people and the Chinese government?

**Hong Kong: Patten Blamed for Dampening Confidence**

HK0907082996 Hong Kong TA KUNG PAO  
in Chinese 5 Jul 96 p A2

[Editorial: "Who Is Shaking Hong Kong's Confidence"]

[PTS Translated Text for FBIS] It is clear to many Hong Kong people that members of the "United Front Against the Provisional Legislature" [UFAPL] intended to put on a show in forcing their way into Beijing. However, some people may not see through the person standing behind these members.

Chris Patten's remarks made at the Legislative Council yesterday have widened people's field of vision. He said that members of the UFAPL being barred from entering China "serves as an example of Chinese officials undermining Hong Kong people's confidence" and "this will be the case after one year." In other words, democracy and freedom in Hong Kong will be affected after 1997. Apparently, Patten is taking the opportunity to create worries and scare the Hong Kong people.

A handful of members of the UFAPL tried to force their way into Beijing and China's public security organs barred them from entering the country according to law. This has nothing to do with democracy. These people do not intend to express their views. Their views against the provisional legislature were expressed through various means long ago and the Chinese Government is clear of that. If they really want to express their views, why have they chosen the date of 1 July, which is the date marking the one year countdown of Hong Kong's handover. It was a day of joy and people in both the mainland and Hong Kong were enthusiastically holding activities to celebrate the occasion, a move which attracted worldwide attention. The performance by a handful of members of the UFAPL on that date enabled people to draw a conclusion: They want to abate and even poison the atmosphere of joy between the two localities.

The members of the UFAPL barred from entering Beijing according to law also has nothing to do with freedom. Tens of thousands of Hong Kong residents enter China from Shenzhen, Guangzhou, or Beijing everyday. Why are they not barred? A lot of Hong Kong people traveled together with members of the UFAPL on 1 July and why were they not barred? Members of the UFAPL had a motive in forcing their way into China. In order to maintain the stability of the capital, China's public security organs notified them that they were not allowed to enter Beijing. Although they were aware that they would not succeed in forcing their way into China, but they did it just for the purpose of intensifying the contradictions and creating trouble and then throwing mud at the Chinese government. Beijing's Public Security Department stuck to principle and dealt with them in a courteous manner, but they tried to make an issue of the list, saying that the list of passengers in the hands of public security personnel was a "blacklist" against the Democratic Party, aimed at stirring up the discontent of the Hong Kong people against the Chinese Government. Thus it can be seen that it was a meticulously planned plot to choose Beijing as the place to force their way into China.

Patten tried his utmost to link the incident of members of UFAPL being barred from entering China to the affairs after 1997, creating worries for democracy and freedom in the future Hong Kong special administrative zone, which is a futile effort.

The Chinese Government will unswervingly implement the principles and policies toward Hong Kong and will resolutely implement the Basic Law, which fully guarantees the freedom of speech, press, publication, assembly, demonstration, and travel enjoyed by Hong Kong inhabitants. There are some people in Hong Kong who do not like the communist party and socialism. This is permissible. Some people want to accuse the communist party and the Chinese Government. This is also allowed. However, they must abide by the Basic Law. They cannot take "democracy" as a pretext to turn Hong Kong into a base against the mainland; they also cannot oppose local laws, undermine social stability, and harm state interests while carrying out activities on the mainland under the banner of "freedom." The "one country, two systems" policy will be implemented between Hong Kong and the interior. Hong Kong's capitalist system will remain unchanged and so will the interior's socialist system with Chinese characteristics under CPC leadership. When compatriots from the interior come to Hong Kong, they will have to respect Hong Kong's system and laws. Hong Kong compatriots should also respect the mainland's system and laws while they travel in China. Neither side should do



anything that might harm the other and encroach upon state interests.

Some people in Hong Kong have verbally stated that they support the "one country, two systems," but they intend to introduce "one country, one system" from the bottom of their heart and want to change the system in the interior to capitalism. For this reason, they always apply Hong Kong's socio-economic system, laws, and values to judge and make demands on the interior. When some of their behavior contravenes interior regulations and is subject to condemnation and even sanctions, they wantonly attack China, saying that the Chinese Government has violated democracy and freedom. Apparently, "democracy" sought by these people is not the democracy ensuring that Hong Kong people will become masters of their own affairs, but the so-called "democracy" of confronting the Chinese Government. The "freedom" they are seeking is not the one enjoyed by the Hong Kong people, but the so-called "freedom" to run rampant in the interior.

Hong Kong people who sincerely support the "one country, two systems" policy do not want the so-called "democracy" and "freedom" which confront China. Their confidence in Hong Kong and the rights and freedom granted by the Basic Law to Hong Kong people will not be affected by the incident of UFAPL members being barred from entering the country.

This reminds us of the Han Dongfang incident which happened a few years ago. As Han was engaged in the activities of opposing the Chinese Government, China's entry and exit management department declared according to law that Han's passport is void and that he is not allowed to enter the country. This is a matter handled by the interior in accordance with the law, but Patten and his like expressed "concern" over the matter and created "worries" about Hong Kong people's freedom to enter and leave after 1997, in an attempt to shake Hong Kong people's confidence in the future. Similar cases have happened time and again and Patten is again playing the same old trick. If there is indeed a problem of confidence, it will be caused to a great extent by Patten's remarks which have misled the public.

Despite a lot of trouble created by the British side on the question of Hong Kong over the past few years, Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, pointed out the other day, the Chinese side still hopes that the British side will strengthen cooperation in the coming year based on the principles of the Sino-British Joint Declaration. Naturally, the possibility of the British side stirring up new contradictions cannot be ruled out, but the Chinese side does not want to see it happen. We hope that Patten

will think over Lu Ping's remarks, do some practical things conducive to Hong Kong's smooth transition and not do silly things that stir up contradictions and dampen Hong Kong people's confidence during the less than one year period of transition.

#### **Hong Kong: Patten Criticized for Challenging Beijing Again**

OW0907043996 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1406 GMT 7 Jul 96

["Commentary article" by ZHONGGUO TONGXUN SHE reporter Zheng Cheng (6774 6134): "Patten Personally Joined the Political Show"]

[FBIS Translated Text] Hong Kong, 7 Jul (ZHONGGUO TONGXUN SHE) — Patten and his followers recently put on a political show in opposing the Provisional Legislature. Despite the advance notice issued by the Beijing public security department on "not permitting their entry," eight members of the "Coalition To Oppose the Provisional Legislature" still boarded a plane and flew to Beijing on 1 July knowing that they had no chance of entering Beijing, and deliberately challenged the border inspection office. As a result, the public security personnel in Beijing sent them back to Hong Kong by the same plane. After that, Chris Patten, the British Foreign Office, and the spokesmen for the Hong Kong government all put on their performances one by one by uttering nonsense. That was a real farce.

According to those who tried to break into China, their trip to Beijing was aimed at expressing their opinion of opposing establishment of the Provisional Legislature. However, their opinion had long been fully expressed through their parades, demonstrations, open petition signature soliciting, speeches, slogans, actions of picketing the consultation meeting places and burning tires. The Chinese side had also long been aware of their opinion. There are many channels for expressing opinion in Hong Kong. If they did not intend to put on a "show," why did they waste the money to buy air tickets to Beijing?

The Chinese side has explained on innumerable occasions why it is necessary to set up the Provisional Legislature. It has explicitly pointed out that, because Patten's "three violation" political reform package wrecked "the through train" arrangement of the legislature and the Special Administrative Region [SAR] cannot permit a "legislative vacuum" in which there is no legislature as there are many urgent legislative matters during establishment of the SAR, the Preliminary Committee and the Preparatory Committee decided to set up the Provisional Legislature after considering a number of options.



Things have been clearly explained, and most people in Hong Kong have also accepted the inevitable fact of setting up the Provisional Legislature. Some people always refuse to accept the explanation and just stubbornly insist on their opposition. If the Provisional Legislature is not set up, what should be done? Can the current Legislative Council of Hong Kong, set up on the basis of the "Letters Patent" and the "Royal Instructions," be allowed to extend its existence beyond 1997? Patten dreams that the colonial legislative organ would continue to exist and tries to turn his dream into reality.

However, the Chinese side will never allow Chris Patten to achieve his purpose. Because Hong Kong will be returned to China in 1997 and become a special administrative region of China under the principles of "one country, two systems" and "Hong Kong people governing Hong Kong" with a "high degree of autonomy," the British colonial force and influence must not be extended any longer. This is the demonstration of state sovereignty, and no concession can be made. Patten's dream will finally end in failure.

However, Patten has not awakened from the dream of extending the colonial force and influence beyond 1997, and is still trying to continue the confrontation, disturbing people's feelings, and undermining Hong Kong's smooth transition. On the eve of the day exactly one year before Hong Kong's return to China, Patten gave a broadcast speech via RTHK, calling on his followers to "argue strongly on grounds of justice and to come out to defend" everything he had arranged; when being interviewed by a television station, he openly instigated people to continue to hold demonstrations and parades on the same day next year and he would not forbid such activities. Then, on 1 July, the eight members of the "Coalition To Oppose the Provisional Legislature" put on the farce of flying to Beijing to challenge the border control authorities.

Those people were sent back to Hong Kong by the same plane, then the British Foreign Office, the spokesman for the British Hong Kong government, and Patten put on their shows one by one, and tried hard to throw mud at China. First, the spokesman for the British Foreign Office expressed "regret" about the rejection of the show-players' entry; then, the spokesman for the British Hong Kong Government said that he was "surprised" at and "concerned" about the event; finally, Patten put on his show, saying that the coalition members' experience of being prohibited from entry was another instance of Chinese officials damaging Hong Kong people's confidence and that would be the situation in one year. He tried to intimidate Hong Kong people and shake their confidence in the future. Patten has put on such

performances many times, and he just repeated his old trick this time.

However, if Patten had pinned any hope on his followers show, he would have been very disappointed, because public opinion in Hong Kong and the mainland were all clearly aware that they were just putting on a show, and the behavior of the Beijing public security authorities was sensible. Public security authorities in every country have the power to make necessary arrangements for its country's and especially its capital's security. Sending people who had been caught without an entry permit back by the same plane was completely in keeping with laws and regulations, and was completely blameless. The law commissioner of the Hong Kong government admitted that "the Hong Kong government is not in a position to talk about the mainland's entry rules," and is not in a position to "comment on the Hong Kong petitioners' being rejected in Beijing." This showed that Patten's remarks were just nonsense without any legal grounds.

Undoubtedly, Patten is a politician skilled at staging shows, and he even likes to act as a show director. However, it is better for him to do something more realistic, such as promote Sino-British cooperation, guarantee Hong Kong's prosperity and stability, and effect a smooth transition. This is not only in the interest of China and Hong Kong, but also in the interest of Britain.

#### **Hong Kong: Patten To Urge EU on Open Status For BNO Passport**

HK0907053396 Hong Kong HONGKONG  
STANDARD in English 8 Jul 96 p 4

[By Neville De Silva]

[PTS Transcribed Text for FBIS] Governor Chris Patten will urge the European Union to grant visa-free entry to Hong Kong's British National (Overseas) (BNO) passport holders when he meets European Commission officials during a two day visit to Brussels beginning today.

The governor also is expected to discuss the strengthening of bilateral ties between the European Union and Hong Kong, although any formal arrangements were not expected to be put in place until after the change of sovereignty, diplomatic sources said.

Mr Patten is due to meet European Commission President Jacques Santer and Vice-President Sir Leon Brittan during the visit to the commission's Brussels headquarters.

During a visit to Hong Kong, Sir Leon had expressed the hope of stronger ties between the territory and Europe on the lines of the agreement in place with Macao.

During the first Asia Europe Meeting (ASEM) in Bangkok, Europe called for Hong Kong to be made a dialogue partner.

"Hong Kong is a more important trading partner to Europe than China," one diplomat said underlining Europe's interest in closer ties with Hong Kong.

While the European Commission understands that it cannot make any moves towards a formal bilateral agreement without a mandate from the Council of Ministers, which is not expected till after 1997, officials are still keen to hear Mr Patten's views since he is known to have several ideas on the subject.

He will also take the opportunity to push for visa-free entry for BNO passport holders as many European countries have yet to decide.

**END OF**

**FICHE**

**DATE FILMED**

11 July 96